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BREAD AND OTHER BAKERY PRODUCTS



Investigation into an Alleged Combine
in Connection with the
Distribution and Sale
of
Bread and Other Bakery Products
in the Winnipeg Area,
Manitoba



REPORT OF COMMISSIONER, COMBINES INVESTIGATION ACT
DEPARTMENT OF JUSTICE, OTTAWA
1952

COMBINES INVESTIGATION COMMISSION

DEPARTMENT OF JUSTICE

OTTAWA

July 7, 1952

Honourable Stuart S. Garson, Q.C.,
Minister of Justice,
Ottawa

Sir:

I have the honour to submit to you the following report of an investigation, under the Combines Investigation Act, into an alleged combine in connection with the distribution and sale of bread and other bakery products in the Winnipeg area of the Province of Manitoba.

This investigation was commenced as a result of newspaper reports to the effect that a store in Winnipeg was being boycotted by the deliverymen of the five principal bakeries supplying the Winnipeg area because of the action of such store in reducing the price of bread.

Following a number of informal interviews conducted in July of last year by officers of the Combines Investigation Commission in Winnipeg, formal hearings were held there in September, in the course of which nine witnesses gave evidence, amounting to 437 pages. A large number of exhibits were received during the course of the hearings and in the course of the previous interviews. The witnesses gave their evidence before Mr. J. J. Quinlan, one of the senior Investigation Officers, and Mr. G. R. Hunter, Barrister, of Winnipeg, who was appointed by you to assist in the investigation, examined the witnesses. Upon the conclusion of these hearings, Mr. Hunter prepared, at my request, a statement summarizing the effect of the evidence. This "Statement of Commission Counsel" was sent by me to the parties concerned on February 7, 1952, as notice of the charges alleged in order that the parties might have full opportunity to be heard, as provided in the Inquiries Act, before conclusions were reached or a report made.

None of the parties to whom the "Statement of Commission Counsel" was sent expressed a wish to appear in person or by counsel to make representations, but a number of such persons made representations in writing.

The report, you will observe, consists of five chapters. The first four chapters set out at length the facts of the case as disclosed in the exhibits and the oral evidence, and the fifth chapter summarizes the case and sets out the conclusions reached.



(ii)

I should like to mention, in transmitting my report, that Mr. Hunter gave valuable assistance in those parts of the investigation in which he participated.

Yours faithfully,

(Sgd.) T. D. MacDonald

Commissioner
Combines Investigation Act

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I The Bread Industry in Winnipeg

This report is concerned with arrangements which have affected the distribution and sale of bread and other bakery products in the area embraced by greater Winnipeg in the period from January to September 1951.

The principal baking companies, including the location of their plants, supplying the Winnipeg area are:-

Bryce's Bakery Ltd. (Bryce's),¹.
437 St. Mary's Road,
St. Vital, Manitoba

Canada Bread Company Limited (Canada),
Portage and Burnell,
Winnipeg, Manitoba

General Bakeries Limited (General),
320 Burnell Street,
Winnipeg, Manitoba

Weston Bakeries Limited (Weston),
666-678 Elgin Avenue,
Winnipeg, Manitoba

Brown's Bread Limited (Brown's),
Manitoba Avenue,
Selkirk, Manitoba.

Whenever these companies are hereinafter referred to as a group they will be described as the "five companies".

Canada and General sell both to the retail trade and direct to the consumer through house to house deliveries. Bryce's and Weston sell only to the retail trade. In greater Winnipeg, Brown's sell only to the retail trade.

The following table shows the total production for sale of bread and other bakery products produced in greater Winnipeg together with similar figures for Bryce's, Canada, General and Weston as a group and the percentage which the production of this group bears to the total:

¹. This company was formerly Marvel Bakeries Limited but in 1951 its name was changed to Bryce's Bakery Ltd.

TABLE I².

Production of Bread and Other Bakery Products, 1950
Greater Winnipeg

	No. of Establish- ments	Bread Produced		Total Production (Bread, cakes, pastries, etc.)
		Quantity lbs.	Value \$	
Bryce's Bakery Ltd.)	4	39,168,527	4,325,771	6,179,469
Canada Bread Co. Ltd.)				
General Bakeries Ltd.)				
Weston Bakeries Ltd.)				
Other Bakeries	48	8,531,466 ³ .	858,482 ³ .	2,466,312
Total	52	47,699,993	5,184,253	8,645,781
Percentage of Group of Four Bakeries to Total	-	82.1	83.4	71.4

The following table shows the distribution of sales of bread and other bakery products in greater Winnipeg for all bakeries together with similar figures for the group of the above four companies and the percentage which the sales of this group at different levels of distribution bear to the total:

TABLE II².

Distribution of Sales, 1950
Greater Winnipeg

	No. of Establish- ments	Distribution of Sales			Total Sales
		Wholesale Including Sales to Restaurants	Retail House to House	Retail Through Own Stores	
Bryce's Bakery Ltd.)	4	5,194,413	985,056	-	6,179,469
Canada Bread Co. Ltd.)					
General Bakeries Ltd.)					
Weston Bakeries Ltd.)					
Other Bakeries	48	991,817 ³ .	191,790 ³ .	1,058,231 ³ .	2,466,312
Total	52	6,186,230	1,176,846	1,058,231	8,645,781
Percentage of Group of Four Bakeries to Total	-	83.9	83.7	-	71.4

2. Source: Dominion Bureau of Statistics.

3. Does not include bread for 24 smallest of the 48 bakeries referred to; see paragraph following Table II.

The figures set out in the above tables cover the latest year for which complete statistics are available. Of the 52 baking establishments in greater Winnipeg some 28 of these each had a production value for the year in excess of \$25,000. The remaining 24 establishments each had a production value for the year of less than \$25,000 and no details are available as to how their production and sales were divided between bread and other bakery products. However, the total value of the production, including bread, cakes, pastries, etc. of these 24 establishments amounted to only \$224,474 or approximately 2.6% of the value of the total production of all 52 establishments. This figure of \$224,474 is included in the amount of \$2,466,312 in the last column of each of the above tables.

It should also be mentioned that neither of these tables includes production by Brown's or sales made by that firm in greater Winnipeg since the Town of Selkirk is not included in greater Winnipeg and the tables deal only with bakeries located there. It is obvious of course, that if these statistics were included the percentage of the production and sales of bread and other bakery products of the five companies to the total production and sales would be higher than those shown in these tables.

While complete figures were not available from all five companies it would appear, as a conservative estimate based on the information available, that between 85% and 90% of the bread produced by them in 1950 was in the 16 ounce loaf, and between 70% and 75% of their bread production was in wrapped 16 ounce loaves.

II Canadian Bakery Workers' Union

The formation of the Canadian Bakery Workers' Union, Local No. 1, C.C.L. (hereinafter referred to as "the Union") as it existed at the time of this investigation dates from November 1943, when various locals of other unions were amalgamated.¹ The Union is a chartered local of the Canadian Congress of Labour. According to oral evidence given in the investigation the Union membership is approximately 650.

In the Constitution and By-laws of the Union, as amended November, 1950, the objects of the Union, as set forth in Article 2, are as follows:

"The objectives of the Union shall be to secure, collectively, the highest possible wages, the shortest possible working hours and the best possible working conditions for its members. To induce its members to develop a high standard of skill, to cultivate a high feeling of friendship toward each other, and to advance the moral, intellectual, and social well-being of its members."

(p. 3)

While the organizational activities of the Union are centred in greater Winnipeg, these have also extended outside this area to the City of Brandon and the Town of Selkirk in Manitoba. The membership of the Union is subdivided into some fifteen sections, each of which has a chairman and vice-chairman. The membership of ten of these sections consists solely of employees of the five companies, these sections being described as follows:

Canada Bread Company Limited
Salesmen's Section
Inside Section

General Bakeries Limited
Salesmen's Section
Inside Section

Marvel Bakeries Limited (Bryce's Bakery Ltd.,)
Salesmen's Section
Inside Section

Weston Bakeries Limited
Salesmen's Section
Inside Section
Office Staff Section

Brown's Bread Limited Section.

1. The description of the membership and organization of the Union contained in this section relates to conditions existing at the time of the investigation. According to newspaper reports, the Bakery and Confectionery Workers International Union of America, Local 389 (A.F.L.), is now the certified bargaining agent for all plant employees of Canada Bread Company Limited, General Bakeries Limited and Weston Bakeries Limited.

The remaining five sections of the Union consist of employees of bakeries in Brandon, seven bakeries operating in the Winnipeg North End district and a company in Brandon which is not engaged in the bakery business, and of two sections of employees of a Winnipeg company which manufactures bakery products and confectionery which are sold generally through its own retail stores.

The governing body of the Union is described as the Executive Council and is made up as follows:

The officers of the Union, that is, the President,
Vice-President and Secretary-Treasurer
Immediate Past President
Chairman of Joint Inside Meetings
Chairman of Joint Sales Meetings
Chairman, Vice-Chairman and one delegate
from each Section.

According to the Constitution and By-laws of the Union the duties of the Executive Council are to enforce the Constitution and By-laws and to carry out the purpose and program of the Union between General Meetings. It is also provided that its decision on all matters pertaining to the Union are binding between General Meetings subject to appeal to the next General Meeting of the Union. For the purpose of a meeting of the Executive Council a quorum consists of six of its members.

During the period covered by the investigation James E. Shepherd was President of the Union and as such attended and presided at meetings of the Executive Council. In the same period J. E. G. Robinson has been General Representative of the Canadian Congress of Labour assigned to the Union to assist it and since June 2, 1951 has been "pro tem" Business Agent and Secretary-Treasurer of the Union. In these capacities he attended and took part in meetings of the Executive Council of the Union.

Employees of the five companies who are employed within the plants on the actual baking and preparation of bread and those who are employed as route salesmen are required, by virtue of agreements between the Union and each of these companies, to be members of the Union and any new employees who are employed in either of these capacities are required to become members of the Union within thirty days of their employment. These agreements, which run till December 31, 1952, by their terms do not extend to employees of the plants who are members of the office staff, nor to company officials who act in a supervisory or confidential capacity. Schedule A of these agreements makes provision for various classifications of "Inside Employees" and the weekly wage rate for each classification. It also provides for a standing wage for City Salesmen and Country Salesmen and establishes the commissions to be paid to these Salesmen on retail sales or wholesale sales, or both, as the case may be, and provides that these commissions are payable on a net sales value basis with no reduction to be made for any discounts given by the companies except on Government contracts. The Schedule also contains the following provision with respect to adjustment of salesmen's wages:-

"In the event that the price of bread shall prior to the first of January, 1952, be decreased from the present price by .01c (means 1¢) or more, and in the event that the salesmen consider, on reasonable grounds, that they are justified in seeking a wage adjustment, the salesmen may, on the first of January, 1952, or at any time three weeks prior thereto advance their Proposals as a grievance procedure as set out herein."

(p. 13)

III Efforts to Eliminate Certain Competitive Practices Among Large Winnipeg Bakeries

In the months of April and May 1951 individual meetings were held between representatives of the Union and a representative of each of the five companies and subsequently in the latter part of May or first part of June a joint meeting was held between representatives of the Union and representatives of each of the five companies. These meetings were held with the object of "stabilizing competitive selling" and participation therein was authorized by the Executive Council of the Union and reports of the meetings were made from time to time by Mr. Robinson to the Executive Council.

Reference to the subject was first made at a meeting of the Executive Council of the Union held on April 10, 1951. Under the heading "Report of General Representative" in the minutes of the meeting there appears the following:

"Brother Robinson in giving his report recommended that the Executive Council give consideration to the following:-

. . . .

3. That the problem of 'stabilizing competitive selling' be given serious consideration and that a small committee be set up to study this matter.

Brother Robinson's report was accepted and a Motion was moved and seconded to table the recommendation until the next Executive Council Meeting, due to the lateness of the hour. Motion carried."

(Exhibit 6)

On being asked the meaning of the phrase "stabilization of competitive selling", Mr. Robinson stated:

"A. One of the main factors in that was Sunday delivery.

. . . .

Q. Was there anything else under this heading 'Stabilization of competitive selling'? There was to be a small committee to study 'Stabilizing of competitive selling.' Was there anything else other than Sunday deliveries involved?

A. At that particular time I spoke--I think it was myself that spoke, was it not--on competitive selling. I felt we should set up a committee to study the situation and have a meeting with the management and try to straighten out some of these here complaints that were being continually lodged at these general sales meetings.

- Q. What about the other complaints about Sunday deliveries? Was there a complaint of more besides?
- A. Church deliveries, doughnuts to the Boy Scouts, and the hot cross buns situation was another; various ones like that."

(Evidence pp. 215-217)

The minutes of the next meeting of the Executive Council of the Union held on May 17, 1951 under the heading "General Representative's Report" contain the following:

"He also reported on the meetings held with the various Managers of the Plants on the subject of stabilization of competitive selling. The President and General Secretary being in attendance at these meetings and the results of same. He asked the Executive Council for their endorsement of the actions taken thus far and their permission for the Officers of the Union and himself to meeting jointly with these Managers for the purpose of further exploring this subject.

. . .

A Motion was then moved, seconded that the General Representative's report be accepted. Motion carried."

(Exhibit 7)

Mr. Robinson's evidence with respect to these individual meetings with representatives of the five companies was as follows:

- "A. Well, we spoke, we visited the various managers.

BY MR. QUINLAN:

- Q. When you say we, who was that?

- A. The President and myself, on some occasions. I was then General Secretary. I was not acting as General Representative. The purpose of that was to see if we could sit down and discuss and come to some agreement as regards these Sunday deliveries and take into account various other factors that might come up in the discussion.

- Q. Was price cutting a subject at these meetings?

- A. You mean, like the--No, that wasn't discussed at these meetings. This was purely an internal problem of our salesman being put in an awkward position by his company in doing certain--in his company doing something he would lose sales on. It is a violation of the Lord's Day Alliance Act for these deliveries to be made. It is not lived up

to, and the thing is becoming rampant. You go around the city and you can pretty well get knocked down by a bakery truck delivering bread.

BY MR. HUNTER:

- Q. In some cases in your minutes, I think--you can correct me--you have referred to the problem of Sunday deliveries, haven't you?
- A. We spoke about it yesterday, I believe.
- Q. Isn't that a phrase which frequently comes up--Sunday deliveries?
- A. Yes.
- Q. What I was wondering if this question of Sunday deliveries was the only point that was discussed, why this rather large, lengthy, and frightening looking phrase 'Stabilization of competitive selling'?
- A. Again we ran into the fact of trying to get phraseology which actually fits the picture. The hot cross bun situation came up first. One of the salesmen got up from the Canada Bread and he raised particular heck at the meeting, because he felt he was being put in an unfair competitive position by the company. From there we went to Mr. Hannibal and spoke to him about it. He went and brought up other things: 'As far as we are concerned, we don't deliver on Sunday. All these other companies deliver on Sundays. We are losing sales.'

As a result of that we wanted to see if it wasn't possible to get some of these wrinkles ironed out.

BY MR. QUINLAN:

- Q. Did any of these discussions relate to discount that is being given to particular customers or such things as premiums?
- A. Yes, there was discussions of premiums; that did come into it.
- Q. In what way did they come in?
- A. Well, the fact of giving away radios and stuff like that. All this here was generally discussed. Weston's had a sort of a deal to give away radios to the store for selling so much bread.

Q. How would premiums affect the Union?

A. Premiums? It could affect the Union in this regard: It starts off with the company causing an incentive for selling. The boys had an incentive selling this on commission basis. The thing goes on getting more companies as time goes on. You are getting to be like the soap programs. You are going to be giving away half of the United States before you can answer a certain thing. We thought it was putting our boys in an unfair competitive basis. They weren't selling goods on the quality basis or anything like that.

Q. What about the question of discount? Was there any discussion on that?

A. Not to my knowledge. That is something we don't have anything to do with--any discount with the company."

(Evidence pp. 218-220)

F. J. Hannibal of Canada in giving evidence regarding his discussion with Mr. Robinson stated:

". . . you mentioned a meeting with the Union about hot cross buns. Would you elaborate on that? First of all, was that a meeting of the various companies?

A. The Union came up to me and jumped me about Safeway selling these hot cross buns at 39 cents. I said I have no control over what Safeway sell their buns for. They buy their buns at 50 cents less 5%, and they can't sell them at that and make a profit. He said all the salesmen are as mad as hell about this thing because they had cancellations from the smaller stores around Safeway.

I said, 'Why don't you jump General Bakeries too and Merchants Consolidated and Weston's giving away radios and things like that, but the minute our company does something you are up here like lightning.'

I said, 'One day we ought to have a meeting and clear things up,' and the Union called a meeting.

Q. Who was your discussion with on this occasion?

A. That would be Robinson, . . ."

(Evidence pp. 417, 418)

Subsequently arrangements were made for a joint meeting between representatives of the Union and representatives of the five companies. In this regard the minutes of a meeting of the Executive Council of the Union held on May 29, 1951 contain the following:

"Brother Robinson . . . reported that a meeting was to be held on Wednesday, May 30th with all the Managers and Officers of the Union in regards to the Subject of Stabilization of competitive selling."

(Exhibit 8)

It is not clear from the oral evidence whether this meeting was held on May 30th as scheduled but in any event it was held some time between May 30th and June 18th. In this respect the minutes of a meeting of the Joint Salesmen of the Union held on June 19, 1951 state:

"Brother Robinson reported on a meeting held with the employers and the officers of the Union, to discuss unfair business practices, particularly the deliveries on Holidays and Sunday's."

(Exhibit 13)

Similarly, the minutes of the meeting of the Executive Council of the Union held on June 26, 1951 report the following:

"Brother Robinson then gave a report on a meeting held with the Managers of the various Baking Companies to discuss unethical Trade Practices. On Motion this report was moved accepted. Carried."

(Exhibit 14)

In the above quotation the words "Trade Practices" are printed in pencil beneath the words "Bread Prices" which are struck out. In explaining this alteration Mr. Robinson stated:

"That was changed immediately on going ahead and giving the minutes to the girl, and she misinterpreted her shorthand notes--I don't think she was at this meeting--and she took it as unethical due to the bread price war was on, as being bread prices, and we did not go there to discuss prices whatsoever, it was a case of discussing unethical trade practices. That was done in proof-reading the minutes then."

(Evidence pp. 85, 86)

This joint meeting between representatives of the Union and representatives of the five companies was held at the offices of Standard Brands Ltd. in Winnipeg and was attended by J. E. Shepherd, J. E. G.

Robinson and T. Clarke of the Union, and R. H. Bryce of Bryce's, A. E. Longstaffe of Weston, F. J. Hannibal of Canada, J. B. McKay of General and S. A. Brown of Brown's.

In his evidence Mr. Robinson stated that he believed he had called the meeting and that the matters discussed related to Sunday deliveries, salesmen disfiguring or damaging other salesmen's products and hot cross buns. In referring to the question of hot cross buns he stated:

"That was another subject that came up for discussion in the meeting with the management. Although we had a meeting with Hannibal on the situation they made hot cross buns that the driver-salesmen sold for 50 cents a dozen, yet they sold hot cross buns to Safeway Stores at 35 or 39 cents a dozen. We took the matter up with Mr. Hannibal, pointing out the fact that it was possible to make buns to sell to Safeway at 39 cents and it should be possible to make them for our salesmen to sell at the same price, and it was putting our salesmen in an awkward position of the Canada Bread section by having it known that they were supplying Safeway Stores at 39 cents and selling to their other customers at 50 cents a dozen.

BY MR. HUNTER:

- Q. That was at this meeting with the management?
- A. It came up for discussion in the meeting with management, although we had a previous meeting with the grievance committee of Canada Bread with Mr. Hannibal.
- Q. How often do you hold these meetings with management?
- A. Usually the only meeting we have had with management is at negotiations, and that is the only meeting we have ever held with management on the situation, and that was caused by complaints made at the joint sales meeting in which one of the Canada Bread salesmen complained that in going ahead and taking orders for hot cross buns he had been told you can get hot cross buns at Safeway Stores, so he felt that the company was putting them in a very awkward position, and if the company could supply Safeway Stores they could supply the salesmen at the same price.
- Q. This is the only meeting with management you had subsequent to the negotiation meetings on the labor agreement?

- A. Yes, all our hours of work act were held last year. That is the only meeting that I can remember and it was held in Standard Brands Building."

(Evidence pp. 86, 87)

Mr. Shepherd stated that the questions of Sunday and holiday deliveries and hot cross buns were discussed as well as the question of Weston "giving a special rebate on some Co-op. delivery in the country." In regard to the matter of hot cross buns Mr. Shepherd stated:

"Do you remember any discussion at that meeting on unethical bread prices or unethical trade practices?

- A. At the meeting with the Management? There was no bread prices discussed outside of the hot cross bun issue. The hot cross buns were put out at 39 cents a dozen, and other stores for 50 cents a dozen. That was the main cause. We considered it was quite unethical for the companies to do that."

(Evidence p. 316)

Speaking of the special rebate he went on to say:

- "Q. What discussion was there related to this special concession to the Co-op., and whether in arriving at that what would be done in the future?
- A. I am sorry to say there was not. It is one thing to get them together and another thing to get them to agree. This question of Sunday deliveries, each one thought it was an unfair thing for the other to do it, but they wouldn't get together to cut it out.
- Q. What was the discussion of bringing up this question of special rebate?
- A. It wasn't our object, naturally. When we went at this, one manager putting his Hot Cross Buns--his practice was no more unfair than another putting out a loaf of bread that could be sold cheaper.
- Q. That is how the question of discount came up?
- A. That is how it came up.
- Q. Did you receive complaints from your driver salesman about the rebate to the Co-op.?

A. No, we didn't. That came out with the discussion talking about Hot Cross Buns. We thought it might be a good idea to get them together and form some pattern to get along instead of cutting each other's throats. We realized that when the companies start cutting each other's throats, they are eventually going to land on our necks.

Q. What do you mean by that, that your commissions go down and people are laid off?

A. Eventually it is going to reflect on our wages."

(Evidence pp. 317, 318)

Mr. A. E. Longstaffe, General Manager for Manitoba, of Weston, in outlining the matters leading up to the joint meeting and what transpired at the meeting stated:

"That all arose out of these premiums, but for a while we were doing a lot of advertising, very aggressive and getting a considerable amount of business. That in turn caused a disruption among the Union men. Our salesmen were earning more money than possibly the salesmen for other bakers, and in argument among themselves they started to throw out that Weston's were too aggressive and getting too much business on these premiums, and one thing and another. So the Union through Mr. Hannibal, asked us if they might not meet a committee to see what could be done to stabilize the industry. So we did meet them. They did all the talking. They had an elaborate plan for the bakers not to indulge in unfair competition and price cutting, and what they had in mind was rather an altruistic program of brotherly love, and so on, and wanted us to agree to appoint them as arbitrators, that if there was any dispute among the bakers we would call in the Union and discuss the matter with them. In fact, they wanted to be partners in the business; they are hoping to be partners in the management; that anything which affected the industry affected them, and they thought they should have some representation of some kind on a board. Well, I sat and listened and came away, and that is the end of it, but that is what they refer to, a rather altruistic idea of theirs, of putting the baking industry on a high plane where there would be no chiselling."

(Evidence pp. 128, 129)

The evidence of J. B. McKay, who was then General Manager of General, with respect to this meeting was as follows:

- "Q. The Union concerned themselves and apparently indicated to management at these meetings they were concerning themselves with the stabilization of competitive selling?
- A. It had nothing to do with prices, just methods used to induce people to buy your product, over the air and in the newspapers.
- Q. Did the Union never discuss the matter of prices?
- A. No, they never discussed the matter of prices. They might have discussed the 5% issue (previously referred to in the evidence as a discount alleged to have been given by General Bakeries Limited to Merchants Consolidated Limited) because it was a hot issue for a number of months, but as far as the straight price of bread was concerned they did not discuss that, it was the method of inducing the public to buy bread. As far as the storekeepers were concerned, no."

(Evidence p. 154)

Mr. R. H. Bryce, Manager of Bryce's, when asked about the meeting said:

"Yes, I believe there was a meeting held, the Union called a meeting and invited the representatives of the bakers there to try and find a way of curing some unfair practices that they felt were going on in the trade, which discounts was one of them, and Sunday deliveries was another, I believe; but--Oh, yes, I believe Hot Cross Buns were brought in, too. That was, I believe, only brought in in connection with this Canada Bread affair of selling them to Safeways direct, which didn't give the drivers a discount on them. This was after the Hot Cross Bun date, I believe."

(Evidence p. 256)

He also said:

"I only got an invitation from the Union to attend. As a matter of fact, I wasn't in agreement with it, for the simple reason I thought they were encroaching on Management's rights."

(Evidence p. 258)

The evidence of Mr. S. A. Brown, Manager of Brown's, with respect to this meeting was as follows:

"I was at one with the Union. I was at one which the Union had called for unethical trade practices.

Q. What do you mean by 'unethical trade practices'?

A. Sunday deliveries; all this stuff; holiday delivery.

Q. Who called it?

A. The Union called it; Robinson called it.

Q. Where was the meeting held?

A. In the Standard Brands' office.

Q. When was that meeting held?

A. I couldn't tell you. I don't know the date.

Q. Who acted as chairman of it?

A. Shepherd did. It was either Shepherd or Robinson. I am not sure.

Q. Did they cite the so-called unethical trade practices and then they would discuss it, or what was done?

A. It was just an open forum, as far as that. There was no regular--Everybody let their steam off. If they didn't, they didn't have to. That is all."

(Evidence pp. 284, 285)

He also stated that discounts were not discussed at this meeting but that there had been a discussion with regard to the question of premiums.

Mr. F. J. Hannibal, Manager of Canada, stated:

"... Robinson ... called a meeting in Standard Brands' office, and had us all there and tried to get the salesmen protected. He didn't think it was the proper thing to do; it wasn't fair to the salesmen, so it ended up everybody said they were going to be good boys.

Q. That is, there would be no discounts from the regular amount?

- A. No, it simply stated that we would do our best to see that nobody got an undue advantage over the other one in giving away stuff to create more sales, which was hard on the other salesmen.

You see, Mr. Quinlan, these salesmen are all in the same Union, and the minute this group of salesmen have an advantage over that one this group starts to yell to the Union that their sales suffer, and when they do their wages suffer, and these protests create themselves within the Union meetings."

(Evidence pp. 418, 419)

While the evidence does not indicate that any firm decisions were reached at the individual meetings and the joint meeting of the representatives of the Union and the representatives of the five companies, it is clear that in so far as the representatives of the Union were concerned the object of these meetings was to eliminate certain practices which would result in any one of the five companies gaining a competitive advantage over the remaining four companies, with the consequent result of disturbing the commissions earned by the salesmen for these companies.

IV Efforts to Prevent Price Reductions in Sales of Bread to Consumers

Before and during the period covered by the investigation, with exceptions which will be dealt with specifically, wrapped 16 ounce loaves of bread produced by the five companies were being sold by independent and chain retail outlets in the Winnipeg area at a price differential below the price at which Canada and General were selling this type of bread to consumers from their wagons. On single loaf sales this price differential was 1¢ per loaf while on a purchase of two loaves it was 1½¢ per loaf. The three principal chain stores in the Winnipeg area are Canada Safeway Limited (Safeway), Jewel Fine Foods Limited (Jewel) and Shop-Easy Stores Limited (Shop-Easy). One of these, Safeway, was also manufacturing and selling wrapped bread at retail under the brand name "Polly Ann" at a price differential of 1¢ per 16 ounce loaf below the price at which it, Jewel and Shop-Easy were selling wrapped 16 ounce bread manufactured by the five companies.

On three occasions in 1951, which will be described in the sections which follow, reductions in the retail price of wrapped bread were made by Jewel at one or more of its stores in the Winnipeg area. On each of these occasions action was taken as a result of agreements or arrangements among officers of the Union or among them and certain members of the Executive Council of the Union with the object of effecting a cancellation of these price reductions and a return to the differential previously existing with respect to wrapped bread between the store selling price and the baking company retail selling price.

1. Price Reduction by Jewel Fine Foods Limited in January 1951

In January 1951 wrapped bread manufactured by the five companies was being sold in the Winnipeg area by retail outlets, including Jewel, Safeway and Shop-Easy, at a price of two 16 ounce loaves for 23¢ or 12¢ per loaf; Canada and General were selling to the consumer at 13¢ per loaf; and Safeway was selling its Polly Ann bread at two loaves for 21¢. A few days prior to January 23, 1951, Jewel, which operates some twenty-three retail grocery stores in the Winnipeg area, reduced its selling price of day old wrapped bread, purchased from one or more of the five companies, at its store at 1395 Main Street, Winnipeg to two loaves for 21¢ in order to meet the price at which Safeway was selling Polly Ann bread.

Within a day of this action by Jewel, J. E. G. Robinson communicated with D. S. Reid, General Manager of Jewel, in regard to this price reduction and a meeting was held between officers of the Union and officials of Jewel.

In his evidence D. S. Reid described the events leading up to the meeting and the meeting as follows:

" . . . This related only to the one store. We placed that bread at two for 21, and it was day-old bread. I received a phone call from Mr. Robinson--

Q. That is Mr. Gilbert Robinson?

A. Yes. I believe the day after we were selling this bread, asking if I would care to meet with him. I did not hesitate. Within hours I was down at his office. Mr. Shepherd, Mr. Clarke, John D. Reid and myself and Mr. Robinson were present.

Q. Mr. Shepherd and Mr. Clarke are--?

A. Mr. Shepherd I believe is the president of the Union, and Mr. Clarke, secretary, and Mr. Robinson--they were the executives of the Union.

Q. This Union is the Canadian Bakery Workers' Union, Local No. 1?

A. Yes. The meeting was held on James and Main Street. We had a rather lengthy discussion on bread problems. It was pointed out to us that if we continued this practice we would be leading the bread people into a bread war. We said that we did not want a bread war. We wanted to be competitive. We had asked the bakers to fix a general store package bread to be competitive, and we did not receive any answer from that.

I pointed out to Mr. Robinson the importance of a competitive loaf of bread, and promised to send him the clippings of the local papers of how Safeway Stores are competitors of bread at two for 21. We did not have a competitive bread.

Towards the end of the discussion he felt in sympathy with us and said if we would readjust and not carry out the practice of selling bread at two for 21 he would promise us that he would settle this issue, which would be as we understood give us an opportunity to sell bread competitively.

. . .

Q. At your meeting with the representatives of the Union which you attended I think you stated that the meeting ended up with the representative of the Union indicating that they would see what they could do about the situation which existed, is that correct?

A. Yes.

Q. Did they say what course of action they intended to follow? Did they say they were going to approach any particular person in Safeway, or indicate what they were going to do?

A. I felt that they indicated that they were going to contact the bread companies and Safeway.

. . .

Q. I wonder if you could tell me what happened to the Safeway bread? I understood you had this meeting with the Union and what happened after that?

A. We went back, in other words, we did not sell day-old bread. We relented to the Union, feeling they were going to do everything, and they were stressing strongly what we were doing would cause a commotion in the bread industry, a war.

BY MR. HUNTER:

Q. So you reverted then to your two for 23 price?

A. That is right."

(Evidence pp. 341 B - 341 F)

The evidence of J. E. Shepherd regarding this incident was as follows:

"A. I remember, it seems to me that the Jewel Stores started to cut prices, and some of our salesmen, the way I understand it, phoned up the office, Mr. Robinson at the office, and reported to him that the Jewel Stores were undercutting the other stores, as I remember it. Robinson got in touch with me and we discussed the situation, and the outcome was that he, that is, Robinson, phoned Mr. Reid of Jewel Stores and asked for an appointment. He asked for an appointment, so Mr. Reid said, 'Where are you?'

He said, 'At the Union office.'

Mr. Reid said, 'If you will stay where you are, I will be down there inside of twenty minutes.'

Robinson said, 'Don't bother. We can come out where you are.'

Mr. Reid said, 'I will drop in to the Union to see you.'

That was the first time I met him.

BY MR. HUNTER:

Q. Was that Mr. D. S. Reid?

- A. Both of them and this Mr. Rands. And they said that they had been trying all the bakers, trying to get a loaf cheaper to compete with the Safeway Store, trying them all. Nobody would help them, and the Safeway Stores had been pushing out big quarter-page ads about their Polly Ann bread selling cheaper, and they felt it was unfair competition, and they wanted to know if we couldn't do something to help them out; either get a loaf to compete with the Safeway bread or to try to stop the Safeway pushing these paid advertisements. They thought it was detrimental to the Jewel Stores. We agreed, if they would revert back to the regular price that other retail outlets were selling on main brands, we would take it upon ourselves to interview Mr. McCann of Safeways. . . . And see if anything could be done about it."

(Evidence pp. 305, 306)

Mr. J. E. G. Robinson was also asked about this aspect of the matter and his evidence was as follows:

" . . . Jewel Stores had reduced the price of bread in their big store in the north end of Winnipeg. That is the only store they done it in up to that time, and we received phone calls in the evening from our boys on the routes wanting to know what the score was. So I phoned and got in touch with Mr. Dave Reid as he wasn't there, he was out at one of the other stores--

Q. Mr. Dave Reid of--?

- A. Jewel Stores. I had him come down to the office, and he brought with him Mr. Rands and Mr. J. D. Reid, the president of the company. So we discussed this situation and we asked him what the score was, what was going on. So he told us that he had a problem with regard to Safeway Stores having the edge on him in the two cent differential in bread. I pointed out to him that Safeway did not have the edge on selling the same product that he was selling, Safeway Stores were selling named bread outside of their own at the regular price. But he claimed it was putting them in an awkward position of merchandising, and wanted to know if there was anything we could do about it. We pointed out to him there was nothing within our power to deal with the situation. He said one of the things that was causing a great deal of trouble was the fact that the large amount of advertising was being done by Safeway Stores at that time.

Now, if my memory serves me right I think Safeway at that time had changed the type of wrapper on their bread, and they were doing an advertising campaign on it, a quarter page spreads and stuff like that. And I told him if he wanted to go ahead and send a copy of these ads we would go and talk to Mr. McCann of the Safeway Stores."

(Evidence pp. 37, 38)

The minutes of a meeting of the Executive Council of the Union held on January 23, 1951 under the heading "General Secretary's Report" contain the following:

"He then reported that a Jewel Store in the north end had been selling wrapped sliced bread at two for 21¢, but a meeting had been held with the management at which the President and General Representative were present, out of which the Store had reverted back to the original price of two for 23¢."

(Exhibit 3)

Subsequently on February 10, 1951 in a letter addressed to Gilbert Robinson, F. A. B. Rands of Jewel forwarded several advertisements from a local newspaper relating to Polly Ann bread (Exhibit 1). The minutes of the Executive Council meeting held on February 13, 1951 contain the following:

"The Secretary called upon Brother Robinson to give a report in reference to the trouble existing between Jewel Stores and Safeway Stores in regards to the price of bread. He read a letter from Mr. Reid, Manager of Jewel Stores, the letter stating that they were deeply concerned with the way Safeway Stores were advertising the price of bread. Discussion took place on this, out of which, it was suggested that the President, General-Representative and the General Secretary meet with the Safeway Stores Management, with the idea of convincing them to change their method of advertising bread."

(Exhibit 4)

Following this meeting Messrs. Robinson and Shepherd interviewed a representative of Safeway. Mr. Robinson's evidence in respect of this interview is as follows:

"We spoke to Mr. McCann, and pointed out to him that there was a vast amount of advertising and it was causing a certain amount of discontentment within the retailers of the bread products, and we wondered whether it was necessary. He had a two cent differential on other bakery breads in Winnipeg, and everybody was aware of it, and it wasn't necessary to go into such a vast amount of advertising; it might upset the whole structure altogether. Mr. McCann

did not commit himself in any way, shape, or form. He said something to the effect that they have an appropriation that they use for the bakery as regards advertising, and that was practically all used up, and he didn't know that there would be a great deal more quarter page ads, but he didn't commit himself he would do anything. We went ahead and presented our problem to him. That was the end of it. I then returned copies of the ads.

(Evidence p. 38)

Mr. Shepherd in speaking of the same interview stated:

"Mr. Robinson called for an appointment with Mr. McCann. He gave us a very good reception, I must say, and he told us what we were asking for. He thought our troubles were mainly over. He said the big ads had been the result of changing wrappers, putting new wrappers on this Polly Ann bread, and there was so much money allocated for this product, and he said he thought that that was just about used up, and he thought we wouldn't have anything to complain about in the future. That is about as far as it went. Everything seemed to be settled down for quite some time."

(Evidence p. 306)

On February 21, 1951 Mr. Robinson wrote to Mr. Rands as follows:

"Enclosed please find the add's you loaned us re:-
advertising of Polly Ann Bread.

I phoned Mr. Reid bringing him up to date on developments thus far.

We will continue to keep in touch with you regarding future developments.

Trusting this meets with your approval,"

(Exhibit 2)

2. Price Reduction by Jewel Fine Foods Limited in
June 1951

Following the price reduction by Jewel in January 1951 and its immediate cancellation as described in the previous section, the selling price by retail outlets, including the three chain stores, of wrapped bread manufactured by the five companies was two 16 ounce loaves for 23¢ and the uniform differentials previously described continued in effect, that is, Canada and General were selling direct to the consumer at 13¢ per

loaf and Safeway, besides selling wrapped bread manufactured by one or more of the five companies at two loaves for 23¢, was selling Polly Ann bread at two loaves for 21¢.

On Tuesday, June 12, 1951, however, Jewel reduced the price of wrapped bread to two loaves for 21¢ and action was immediately taken by certain members of the Executive Council of the Union to effect discontinuance to Jewel of supplies of bread and other bakery products manufactured by the five companies.

Mr. D. S. Reid, General Manager of Jewel, in his evidence in regard to this matter referred to the earlier conversations of representatives of Jewel and representatives of the Union leading up to June 12 as follows:

- "Q. Did the Union report back to you other than just returning these advertisements?
- A. We called them, phoned them, before June 12th--that is a good point--wanting to know if there had been any action, where we stood, and there wasn't anything, nothing had developed yet.
- Q. Did Safeway Stores during this period raise their price of bread to two for 23?
- A. No, they remained as they were.
- Q. During that period then between the time of your meeting with the representatives of the Union in February and up to the date you have just mentioned, June 12th, the bread was selling in your stores sliced wrapped at two for 23?
- A. That is right.
- Q. And during the same period Safeway bread, their own bread, Polly Ann, was selling at two for 21?
- A. Yes, up to June 12th.
- Q. Go on then.
- A. With no action in those many months we took the step of selling bread competitively at two for 21. There were two things that happened. Safeway reduced their bread to two for 19, and the Union immediately took action and cut our supply off.
- Q. What date was that?

A. I believe around the 14th or 15th.

Q. It was in June?

A. Yes, starting June 12th."

(Evidence pp. 341 F, 341 G)

In his evidence Mr. Robinson stated he believed the information that Jewel had reduced the price of bread was telephoned to him on June 12 by a route salesman for one of the five companies. As a result of this information Mr. Robinson conferred with Mr. Shepherd who stated that it was decided to call together that evening the driver-salesmen who were members of the Executive Council of the Union and who could be reached in a hurry since it was felt that some action would have to be taken immediately in this connection. Mr. Robinson could not definitely recall who had been present at the meeting but Mr. Shepherd in his evidence stated:

"Q. Was it a regularly called meeting? Were all the members of your Executive Council notified of this meeting?

A. No, I wouldn't say that, because we didn't call the inside section. It was something directly affecting the salesmen. We ~~were~~ going to get the meeting in a hurry. We just got representatives of the salesmen.

Q. Mr. Robinson was at that meeting, of course?

A. Yes.

Q. Were there any minutes kept of that meeting?

A. I don't know whether there were or not.

Q. You don't remember. Did you act as Chairman of that meeting?

A. Yes, I acted as Chairman.

Q. Do you remember who acted as Secretary?

A. Yes, Robinson.

Q. Robinson did. As the result of the discussion which took place at that meeting was Mr. Robinson instructed to send out this letter?

A. Oh, yes, he was.

Q. Approximately how many members of your Executive Council were at this meeting?

. . .

A. I couldn't say offhand who was present. Hall of Weston's, Harold Roberts.

Q. Who is he with?

A. He is with Weston's. There is myself, of course. McKenzie from Canada Bread. A couple from General Bakeries. I couldn't tell you what their names were. I am not so familiar with those.

Q. Would there be any from Bryce's or Marvel Bakeries?

A. Yes, there was at least one.

Q. Were all the five companies, that is, Canada Bread, General, Bryce's, Weston's, and Brown's represented?

A. No, Brown's wasn't represented.

Q. The other four were?

A. The other companies were represented. If I remember right, there was two from each plant. I know there was two, with the exception of Bryce Bakeries. I know there was one, but I think there was two from each plant.

Q. There would be approximately eight, including Robinson?

A. I think there would be nine; two from each plant and Robinson."

(Evidence pp. 310-312)

While Mr. Robinson stated that this was not a regularly called meeting, he went on to say:

"The situation developed and we called in as many people as we were able to contact by telephone, had them come down to the office and discuss the situation. Out of that this action developed, and then it was brought before the next executive council meeting for their approval or disapproval."

(Evidence p. 57)

He also stated that no minutes were kept of this meeting but it was decided that immediate action must be taken and he was instructed to have the following letter drawn up and copies handed to each of the driver-salesmen members of the Executive Council of the Union present at the meeting to be distributed to the driver-salesmen at the various plants of the five companies on the following morning, June 13.

"CANADIAN BAKERY WORKERS' UNION
Local No. 1 C. C. of L.

TO ALL DRIVER-SALESMEN

Dear Sir and Brother:

This is to notify you that due to Jewel Stores having today (Tuesday June 12) cut the retail price of bread to the extent that the other Chain Stores are retaliating by further price cuts, thereby jeopardizing the earning capacity of our salesmen members, we have decided at a meeting of the Sales Executive Officers of the Union to discontinue supplies to the Jewel Stores, until such time that they discontinue such unfair competition.

The above will also apply to Special Deliveries and plant sales or pick-ups.

We are therefore informing you that it is YOUR DUTY as a Union Member to comply with this directive.

Therefore do not supply to Jewel Stores until further notice from your Union.

Yours fraternally,

G. Robinson,
General Representative.

Winnipeg, Man.,
June 12th, 1951. "

(Exhibit 9)

In some cases copies of this letter distributed to the driver-salesmen contained both the stencilled signature and the printed name "G. Robinson" (Exhibit 37). Mr. Robinson stated that the words "General Representative" appearing at the bottom of this letter were an error on the part of the typist and the words "General Secretary" should have been used since he was acting in this latter capacity.

On Wednesday morning, June 13, 1951 the mimeographed copies of Exhibit 9 were distributed to driver-salesmen employed by Canada, Bryce's, General and Weston by driver-salesmen members of the Executive

Council of the Union who had attended the meeting held on the evening of June 12. Mr. Shepherd recalled that he had personally delivered a copy of this letter to each driver employed by Canada. In the case of Brown's it will be recalled that no representative of the driver-salesmen employed by that company had been present at the meeting of June 12. According to the evidence of Mr. S. A. Brown of that firm copies of the circular letter addressed to the salesmen (Exhibit 9) were distributed to driver-salesmen, employees of Brown's, by Mr. Robinson at the plant on the morning of June 13.

In his evidence Mr. Robinson set out the reasons why the above action was taken. He explained that the existing labour agreement between the Union and the five companies took into consideration the fact that there was a differential between the price at which bread was sold at retail by two of the companies and the price at which it was sold by the chain and independent retail stores. Since it was difficult for driver-salesmen to sell at retail in the face of this differential, the commission to these salesmen on such sales was fixed accordingly. The reduction in the price of bread by Jewel increased the differential and therefore the difficulty. Furthermore, the members of the Union were afraid of a bread price war because of retaliatory measures that might be taken by other stores. Such a price war, they feared, would have an unfavourable effect upon bakery earnings and tend to have a similar effect on commissions. Since, therefore, it was considered that the action taken by Jewel would jeopardize or prove detrimental to the earning capacity of the driver-salesmen the Union took what it considered the most effective means of protecting the livelihood of these driver-salesmen. He also contended that the driver-salesmen selling at wholesale would likewise be affected by the action taken by Jewel in that these driver-salesmen sold not only to Jewel and other chain stores but also to independent retail stores which, considering that they could not compete with Jewel's lower selling price, would reduce or discontinue their purchases from these driver-salesmen with resulting detriment to their earning capacity.

At the meeting of June 12 referred to above a letter addressed to the five companies was drawn up and copies of this letter were run off after the meeting. This letter reads as follows:

"June 12th, 1951.

Canada Bread Co. Ltd.
Westons Baking Co. Ltd.,
Bryces Bakery Co. Ltd.,
General Bakeries Ltd.,
Browns Bread Co. Ltd.

Gentlemen:

This is to notify you that due to Jewel Stores having today June 12th, cut the retail price of bread to the extent that the other Chain Stores are retaliating by further price cuts, thereby

jeopardizing the earning capacity of our salesmen members, we have decided at a meeting of the Sales Executive officers of the Union to discontinue supplies to the Jewel Stores, until such time that they discontinue such unfair competition.

Special Deliveries and Plant Sales or Pick-Ups shall not be used as means to supply Jewel Stores. Therefore, we are asking all Bread Companies to comply. Failure on the part of the part of the Bread Companies to co-operate may result in complete stoppage of production.

Yours very truly,

(Sgd.) G. Robinson

G. Robinson.
General Representative. "

GR/mw.

(Exhibit 10)

Mr. Robinson believed that in order to avoid confusion in the plants the following morning, representatives of the five companies were advised by telephone on the evening of June 12 of the action being taken and that this letter was being sent out and it was then sent to each of the five companies by mail. He also stated that in this letter the words "General Secretary" rather than "General Representative" should have appeared beneath his signature since he was acting in the former capacity in signing and sending the letter out.

Mr. Robinson also explained this letter in the course of his oral evidence as follows:

"Q. 'Special deliveries or plant sales or pick-ups shall not be used as means to supply Jewel Stores.' Have you any comment you would like to make about that sentence?

A. I think it is self-explanatory, is it not?

Q. Perhaps you could explain what the relationship is between the companies and the Union as a result of which the Union can tell the company what they shall not do?

A. Just the fact of our membership.

Q. What do you mean?

A. Our membership going ahead and working in these plants. They are all members of our organization. What does it say at the bottom of the letter?

Q. There is this sentence: 'Therefore, we are asking all bread companies to comply. Failure on the part of the bread companies to cooperate may result in complete stoppage of production. '

A. That is self-explanatory."

(Evidence pp. 73, 74)

In the course of the hearings held in Winnipeg a representative from each of the five companies gave evidence with respect to the receipt of a copy of this letter and subsequent events.

A. E. Longstaffe of Weston, after identifying a copy of the letter received by his firm (Exhibit 15), stated:

"Q. When you received this exhibit 15 what action did your company take?

A. I don't think we took any action. We took it for granted that letter meant what it said, and we did not do anything about it.

Q. In the second paragraph of this letter it says: 'Special deliveries and plant sales or pick-ups shall not be used as means to supply Jewel Stores. Therefore, we are asking all Bread Companies to comply. Failure on the part of the Bread Companies to cooperate may result in complete stoppage of production.'

Did you stop special deliveries, plant sales or pick-ups?

A. No, I took no hand in the matter at all.

Q. Did the Union discuss that feature of this letter with you?

A. The Union never discussed this matter with me at all. My policy is to stay away from the Union as much as possible except in negotiating agreements.

Q. Did your company make any deliveries to Jewel Stores of bread on June 12th?

A. I wouldn't know without looking at our records.

Q. I should say June 13th?

A. I couldn't say without looking at our records; I wouldn't know personally.

Q. In the practice that is followed with regard to deliveries by your company to retail outlets, such as Jewel Stores, would your delivery trucks go to Jewel Stores on June 13th if you did not give them a stop order?

A. They would go by this (indicating letter).

Q. To your knowledge did they abide by this?

A. I presume they did, but I couldn't tell you because I did not take any hand in the matter at all."

(Evidence pp. 92-94)

In his evidence which will be referred to subsequently, D. S. Reid of Jewel stated that no deliveries had been received from Weston at this time.

J. B. McKay of General was also asked what action was taken when the letter of June 12 addressed to the five companies was received.

"Q. On June 12th of this year Jewel Stores reduced the retail price of bread from two for 23 to two for 21, and it was following that reduction that this letter was sent out by the Union?

A. I gave that to the sales manager.

Q. Who is the sales manager?

A. Andy Busby.

Q. Did you give him any instructions?

A. No, we just said, there it is, that is your instructions as far as we were concerned.

Q. The second paragraph of this letter says:

'Special deliveries or plant sales or pick-ups shall not be used as means to supply Jewel Stores.'

Did you take that as a directive from the Union?

A. Not necessarily, because we never served them on that basis, it was only a salesman that served them. We never had the volume that necessitated special deliveries or plant pick-ups.

Q. I understand following this date, June 13th, deliveries to Jewel Stores were not made by the bakers?

A. The salesmen did not make the deliveries.

Q. As manager of your company you refused to make deliveries to Jewel Stores?

A. No, because I wasn't asked."

(Evidence pp. 138, 139)

The evidence of R. H. Bryce of Bryce's was to the same effect. After identifying a copy of the letter received by his firm (Exhibit 34) he stated:

"Q. What did you do when you received this letter, Exhibit 34? What action did you take?

A. Well, if I remember correctly, it was in effect at the time we received the letter.

Q. When you say 'it was in effect', you mean the suspension of deliveries?

A. I think the meeting was held at night, the directives were handed to the men in the morning, and we got the letter either by special delivery or by the mail in the morning after it was actually in effect.

Q. By this time, I presume, your driver salesmen had suspended deliveries?

A. Yes, there was someone around early in the morning as they were loading, directing them on the contents of this letter, or handing them to them. They did as directed."

(Evidence pp. 228, 229)

With respect to the possibility of pick-ups at the plant by Jewel, Mr. Bryce stated that he had not issued any orders to the employees to refuse Jewel if they called at the plant to pick up bread and that so far as he knew Jewel did not make any attempt to arrange plant pick-ups from his company.

In his evidence Mr. S. A. Brown of Brown's identified a copy of the letter received by his firm (Exhibit 38) and stated that the letter had been delivered to him by Mr. Robinson the same morning Mr. Robinson had arrived at the plant to distribute copies of Exhibit 9 to the driver-salesmen employed by Brown's. He also stated:

"Q. Were deliveries, as a matter of fact, suspended to Jewel?

A. Stopped?

Q. Yes.

A. Oh, yes, as far as I know.

BY MR. HUNTER:

Q. Your deliveries were stopped?

A. My deliveries were stopped, as far as I knew. You can't trace your drivers. I don't know. They may have dropped bread somewhere. As far as any charges--it is a charge account to Jewel--there were none on our books. They didn't go through. That is the whole thing.

Q. Did Jewel make any effort to obtain plant pick-ups from you?

A. Come down there for them? No.

Q. Did Mr. Reid suggest to you that he might do that?

A. He said he thought he might do. I said, 'One is just as broad as it is long. You have inside as well as outside.'

Q. If he had come down would you have refused to give him bread?

A. That is the question. He didn't come, so I don't know what I would have done.

Q. Do you supply Jewel Stores with bakery products, sweet goods, and so on?

A. Yes.

Q. Were they also suspended?

A. Yes, everything. A complete cut-off."

(Evidence pp. 272, 273)

F. J. Hannibal of Canada also identified a copy received by his firm (Exhibit 46) and gave evidence regarding receipt of the letter and subsequent events as follows:

"Q. Do you recall how you received this letter, exhibit 46, the circular to the bakeries? Was that delivered to you or received in the mail?

- A. In the mail.
- Q. Did you have any prior advice from the Union by telephone or verbally that this action was being taken?
- A. No, none whatever; I heard rumors that they were going to deal with it.
- Q. As I recall Mr. Robinson's evidence it was to the effect that he had telephoned the various bakeries the evening before?
- A. That we were getting a letter the next day?
- Q. Yes?
- A. He may have, I can't remember. Sometimes I just go down, open up the mail, and go home, just depends how I feel.
- Q. When these circulars were received what did you do as far as your company was concerned? Did you issue any instructions to your employees?
- A. No, I don't think so. I think possibly all I did was tell the sales manager we got a letter from the Union and we could not supply them, or could not even sell them from the bread route.
- Q. Was there any discussion with you at all about this at the time? Did you have any conversations with Mr. D. S. Reid?
- A. I did not. I have an idea he did phone up and say he was being discriminated against, but he was told it was out of our hands.
- . . .
- Q. . . . Do you know if Jewel attempted to place any orders with you at that time after this circular had gone out?
- A. Not that I know, I don't think they did.
- Q. Did the ban on deliveries to them apply to both sweet goods and bread?
- A. I think we were told not to serve them at all. If not, that was the implication we took. . . .
- Q. What did you understand by the last paragraph of this circular, exhibit 46: 'Special deliveries and plant sales or pickups shall not be used as means to supply Jewel Stores. Failure on the part of the bread companies to cooperate may result in complete stoppage of production.'

A. That would just mean that they did not want us to fill an order of anyone coming in from the Jewel Stores, or sending any bread knowingly to a given spot, I presume, with full knowledge or suspicion that it might be going to Jewel Stores; and they wanted our cooperation. That was the way I would interpret it.

Q. You interpreted that as a threat?

A. I would say so."

(Evidence pp. 385-387)

D. S. Reid of Jewel in his evidence, with respect to the actions of Jewel or its officers, when deliveries to Jewel were suspended stated:

"Q. Mr. Reid, when this suspension of the deliveries went into effect after June 12th I take it your stores were all cut off their deliveries of bread?

A. All our Winnipeg and Greater Winnipeg stores, yes.

Q. Did you attempt to make any pickups at the plants with your own trucks or hired trucks to pick up bread?

A. We asked if we could pick up at the plant and were informed by Brown that he had had a letter stating that there would be no pickups at the plant.

Q. That is Brown of Brown's Bread Limited at Selkirk?

A. Yes.

Q. Did you have any conversation with anyone from Weston's or General Bakeries or Canada Bread or Bryce's at that time about picking up from them, do you recall?

A. I can't recall that. We just felt it was common that we were not to receive the bread.

Q. Did you ever have any conversation or was there any correspondence at that time between you and any of the representatives of the management of the big-four or big-five, with Browns as the fifth baker?

A. There wasn't any written correspondence, but there was general telephone conversation, several calls with the companies as to our predicament.

Q. Did they say what position their companies were taking with regard to this suspension of the deliveries?

- A. They stated that it was a Union problem, and it was in the hands of the Union, and there wasn't anything that they could do."

(Evidence pp. 341 K, 341 L)

It will be noted that both the letter addressed To All Driver-Salesmen and that addressed to the five companies (Exhibits 9 and 10) contain the following statement:

" . . . we have decided at a meeting of the Sales Executive officers of the Union to discontinue supplies to the Jewel Stores, . . ."

On being asked whether the discontinuance of supplies applied to more than bread, Mr. Robinson stated:

"It applied actually to deliveries. At a later date Jewel Stores spoke as regards the cake situation. I think you have a copy of an order we gave our salesmen to deliver those supplies. In cutting off deliveries to these people I think we would have put the salesmen in an awkward position in walking in there with some goods and not others, and we just cut off deliveries, that is all."

(Evidence p. 65)

While Mr. Robinson refers to an order to the salesmen to deliver supplies other than bread, there is no evidence that any such order was issued at this time, although there was such an order issued one month later during the course of a similar occurrence which will be described in section 3 of this Chapter.

Following the price reduction by Jewel on June 12 Safeway is stated to have reduced the price of its Polly Ann wrapped bread to two loaves for 19¢ and wrapped bread manufactured by one or more of the five companies to two loaves for 21¢, that is, to the same price as Jewel. Shop-Easy is stated to have met Jewel's price on Wednesday morning, June 13, reducing the price of wrapped bread manufactured by one or more of the five companies from two loaves for 23¢ to two loaves for 21¢.

Notwithstanding the price reduction by Safeway and Shop-Easy, action was taken to restrict deliveries only in so far as Jewel was concerned. Mr. Robinson's evidence in this respect was as follows:

- "Q. Your letter addressed to all driver-salesmen, exhibit 9, refers to Jewel Stores in particular. There is no reference here to any other chain stores. Is it correct to say at the time of your meeting the action which you were contemplating taking through the Union, and through the driver-salesmen, was directed at that time solely against Jewel Stores?

- A. I don't know whether you would say the action was directed against Jewel Stores; the phraseology may lead you to believe that, but the action was directed at the Baking companies.
- Q. But in any case it was to discontinue supplies to the Jewel Stores only?
- A. Yes.
- Q. Not the Shop-Easy or Safeway or any other store?
- A. That is right."

(Evidence p. 55)

Mr. D. S. Reid stated that within a day or two of June 12 Jewel reverted to a selling price of two wrapped loaves for 23¢ because it was unable to obtain supplies as a result of the action taken following the price reduction to cut off its supplies. He also stated that between the time when deliveries to Jewel were suspended and Jewel's reversion to the selling price of two wrapped loaves for 23¢ a meeting was held between one or more representatives of Jewel, including Mr. Reid, and one or more representatives of the Union, including Mr. Robinson. His evidence continued:

- "Q. What was discussed at the meeting?
- A. Our action of cutting the price of bread and the Union's action of cutting us off; that was the discussion.
- Q. Did the Union go into any detail as to their reasons why they had cut you off?
- A. Yes, because we were selling bread at two for 21.
- Q. What was their complaint about this?
- A. We stated our basis of argument that they had promised to do something about it, and nothing had been done. We were only trying to be competitive. I believe he stated further that we were causing a price war, and he wasn't going to jeopardize his men, and that we would be gaining nothing out of this price.
- Q. Was any decision made at that meeting as to what future action would be taken by either the Union or Jewel Stores?
- A. It is just a shade confusing--we are on the first one--the first time we were not cut off but warned. The second time on June 12th, 13th and 14th we were cut off. And we then went back to two for 23 because we had no supplies, and we were forced to go back.

- Q. Was there any discussion at this meeting in June, some-time after June 12th, that you referred to with the Union, when you both discussed what had happened? Was there any arrangement or agreement made that if you went back to the two for 23 price that the Union would do anything?
- A. They would further attempt to settle the matter of price.
- Q. By that did you understand they would attempt to do something further with Safeway Stores?
- A. That is right, with Safeway Stores. I would be much under the impression as before, Safeway Stores and the bakers."

(Evidence pp. 341 H, 341 I)

Mr. Robinson was asked regarding discussions with representatives of Jewel during this period and his evidence was as follows:

- "Q. Do you recall what your discussions were with Dave or J. D. Reid on the 12th or 13th?
- A. Not offhand. We discussed various things at various times. I couldn't say at that particular time whether we discussed anything with them."

(Evidence p. 80)

On Wednesday, June 13, 1951 the following notice was addressed To All Driver Salesmen and signed by Mr. Robinson:

"Dear Sir & Brother:

On Wednesday, June 13th, you received notification from your Union to discontinue all deliveries to Jewel Stores.

For your information I would like to point out the co-operative action of all Driver Salesmen was very effective.

Now, Jewel Stores have conceded to sell bread at the proper price. Therefore, all Driver Salesmen are permitted to resume deliveries on their next regular delivery.

Thanking you for your co-operation and full hearted support, and with kindest personal regards.

Yours fraternally,

(Sgd.) G. Robinson

G. Robinson,
General Representative,

GR/mw."

(Exhibit 11)

Mr. Robinson stated that this notice was sent out and also that beneath his signature the words "General Secretary" should have been used in place of the words "General Representative". He could not recall where he had received the information that Jewel had reverted to the selling price of two wrapped loaves for 23¢ but that on receipt of the information a meeting similar to that which took place on the evening of June 12 was held and it was decided to rescind the notice of June 12 cancelling deliveries to Jewel. Mr. Shepherd, however, stated that there had been no meeting of the same group with respect to the drawing up and sending out of this notice but that he and Mr. Robinson had discussed the matter and following their discussion the letter was drawn up and sent out. His evidence in this respect continued:

"Q. And you sent this out?

A. Yes. We felt the objective of the Executive Council had been attained and there was no further object of carrying on.

Q. You say 'the objective of the Executive Council.'

A. Yes.

Q. You mean those members of the Executive Council at the meeting the night before?

A. That is true, but it was also the objective of the Executive Council.

Q. When they ratified the action?

A. Yes.

Q. At the meeting held the day before when it was decided to suspend deliveries, was there any discussion then as to what action should be taken when the Jewel Stores reverted to price?

A. I wouldn't be prepared to say whether there was or not. It would be automatic if they went back to price, that it would be cancelled. It would be taken for granted. It would not have to be discussed, the way I see it."

(Evidence pp. 313, 314)

Mr. Robinson's explanation of the contents of this notice was as follows:

"A. What we meant by the letter was the fact that you can continue to go ahead and go back to Jewel Stores because the bread war was over, and there was nothing being done by Jewel Stores that would jeopardize the earning capacity of our driver-salesmen."

(Evidence p. 77)

The minutes of a meeting of Joint Salesmen of the Union held on Tuesday, June 19, 1951 contain the following:

"Brother Robinson reported on the actions taken by this Organization of the recent Price War. On Motion, it was duly moved, seconded and carried that Brother Robinson's report be accepted as read and a copy of same be filed for future reference."

(Exhibit 13)

This meeting was attended by some twenty-five members and there is no record in the minutes of any objection being taken to the action of certain members of the Executive Council in its handling of the events of June 12, 13 and 14. Subsequently on June 26, 1951 there was a meeting of the Executive Council of the Union attended by twenty-seven members at which the action taken in the handling of these events was endorsed. In the minutes of the meeting under the heading "Report of Committee's" this is set out as follows:

"Brother Robinson then reported on the Bread Price War, bringing the Executive Members up to date on this matter.

Brother Art Griffiths suggested that in future any such contemplated actions of this nature should first receive the endorsation of the Executive Council. However, On a Motion seconded and carried the actions of the Committee were endorsed."

(Exhibit 14)

In his evidence with respect to the objection reported as being taken by Mr. Griffith, Mr. Shepherd stated:

"Q. One further question arising out of these minutes we are discussing, Exhibit 14. In what section of the Union is Brother Art Griffiths?

A. Inside Canada Bread.

Q. So he wasn't at that meeting at which you had sent out the directive cancelling deliveries to Jewel Stores?

A. That is right.

Q. Do you recall when your actions were endorsed how the members lined up? Was it the driver salesmen who endorsed it?

A. It was a unanimous endorsation.

Q. Griffiths himself voted in favour of the motion even though he made this preliminary objection?

A. He didn't object to the action, other than the action, that it was taken without the whole Council. He agreed with the action.

Q. That was a unanimous endorsation?

A. Oh, yes."

(Evidence pp. 318, 319)

3. Price reduction by Jewel Fine Foods Limited on
July 3, 1951

Following the fluctuations in the retail price of bread on June 12, 13 and 14, 1951 as described in the preceding section the selling price of the three chain stores for wrapped bread manufactured by the five companies reverted to two loaves for 23¢, the selling price of Safeway for Polly Ann wrapped bread is stated to have reverted to two loaves for 21¢ while the price at which Canada and General were selling direct to consumers remained at 13¢ a loaf. In other words, as a result of the action taken against Jewel wrapped bread was again being sold to consumers in the Winnipeg area through these outlets at the prices which were in effect prior to June 12.

On or about June 28, 1951 the five companies increased their gross wholesale price of bread by 1¢ per loaf and Canada and General similarly increased their retail selling price so that their selling price of wrapped 16 ounce bread to consumers from their wagons was 14¢ per loaf. While it was anticipated that the three chain stores would increase their selling prices of wrapped bread manufactured by the five companies from two loaves for 23¢ to two loaves for 25¢ none of them appear to have changed their prices on June 28. Also, Safeway did not increase the selling price of its Polly Ann wrapped bread, the price remaining at two loaves for 21¢.

In his evidence D. S. Reid of Jewel stated that following the price increase made by the five companies a meeting took place between representatives of Jewel and representatives of the Union at the latter's request. He believed that this meeting was held on Thursday, June 28, the date of the price increase and that he and F. A. B. Rands represented Jewel and Messrs. Robinson and Shepherd represented the Union. In referring to what transpired at this meeting Mr. Reid stated that he and Mr. Rands had pointed out that Jewel could not increase its price of wrapped bread manufactured by one or more of the five companies from two loaves for 23¢ to two loaves for 25¢ since this would result in a four cent spread between its selling price and the price of two loaves for 21¢ at which Safeway was selling Polly Ann bread. He said that Mr. Robinson urged that Jewel increase its price to two loaves for 25¢ and promised that "he would carry the ball into the Safeway office" and gave the assurance that Jewel would be in a position to sell bread competitively. Mr. Reid stated that he informed Mr. Robinson that he hesitated to increase the price and before making any commitment telephoned Mr. J. D. Reid, President of Jewel, in the presence of those attending the meeting.

He said that in the course of the telephone conversation J. D. Reid at first refused to increase the price, but Mr. Robinson stressed that he would like to settle the matter and gave the assurance that if it was not settled Jewel would not be cut off supplies or otherwise interfered with because of its selling price. With this assurance, Mr. Reid stated, Jewel agreed to increase its price to two wrapped loaves for 25¢, doing so on Friday, June 29, and continued to sell at this price until July 3.

Continuing with his evidence with regard to this meeting with Robinson and Shepherd, Mr. Reid stated:

"A. Reverting back to the meeting, it was understood clearly that the situation would be cleared up by Tuesday morning. We felt we had given sufficient time for clearance, and at 10:30 we advised our chain of Winnipeg stores to sell bread at two for 23.

Q. When you say that the matter would be cleared up Tuesday morning what did you envisage happening on or before Tuesday morning?

A. We had the assurance of the Union that the price structure--that they would be settling the price structure.

Q. By the expression 'settling the price structure' did you have in mind that the Polly Ann bread would go up in price from two for 21?

A. We felt if the regular flour costs had been increased, generally speaking, we personally felt no reason why their costs were not increased, and we were made to believe by the Union that would be rectified."

(Evidence p. 348)

In his evidence Mr. Robinson recalled that there was a conversation between D. S. Reid and himself but could not recall whether the conversation had taken place over the telephone or in a meeting between them. He could not recall whether he had contacted Mr. Reid or whether Mr. Reid had communicated with him but was inclined to think that it was the former. It was Mr. Robinson's recollection that Safeway had not immediately increased its selling price of Polly Ann wrapped bread at the time the increase had been announced by the five companies in the latter part of June and that his conversation with Mr. Reid had taken place prior to the increase by Safeway.

With respect to the conversation Mr. Robinson stated that Mr. Reid had remarked that Jewel's selling price would depend on the actions of its competitors and that this price might have to fluctuate in order

for Jewel to remain competitive. Mr. Robinson also said that the only interest the Union had in any action taken by Jewel in this regard was whether it would have any effect on the earning capacity of the driver-salesmen members of the Union. He was quite positive however, that no undertaking was given by or on behalf of the Union that he or any other officer would communicate with Safeway regarding its selling prices.

Mr. Shepherd's evidence with respect to the discussion with representatives of Jewel was as follows:

"There is some information that there was an increase in the price of bread some time in June, the 28th, when the bread went up a cent. Do you recall any discussion by yourself and Mr. Robinson on one hand and the representatives of Jewel Stores at that time about the price increase by Jewel Stores?

A. Yes, we had some conversation with Reid at that time.

. . .

I don't know just how this discussion started. We were in communication with the Reids. Just how it got started, I am a little hazy at the present time.

Q. Do you know what the discussions were? What occurred?

A. It seems to me that the Reids - I am not going to tell you that this is an absolute fact; it is the way I recall it - that the Reids came down, or whether they phoned and told Robinson that the Safeway hadn't moved up in price.

Q. In other words, that they were still selling at 2 for 21?

A. Yes. It seems to me that is how it started. I don't know how that did come about, but the Jewel Stores went up and then they came down again, because they stated Safeway hadn't gone up. They agreed they would go up over that week-end.

Q. Who agreed?

A. Jewel Stores. That they would put their price up and they would hold it until Tuesday. Monday was a holiday.

. . .

They would hold their price until Tuesday morning, and if the Safeway didn't go up on Tuesday morning to make it even again, then they wouldn't be responsible; they would be free to do what they liked.

Q. The price they went up to, do you recall what it was?

A. Up to 2 for 25 for wrapped bread.

Q. What was the basis of their making that statement? Was there any undertaking by you and Mr. Robinson that you would discuss this with Safeway?

A. Not an undertaking, but there has been a pattern any time prices change like that, especially in an upward direction; Safeway would be a couple of days behind in coming up. It seems to be a pattern. That is taken for granted. By the beginning of the week they will come into line with the others. We thought that that is what would happen. We thought it would be quite a satisfactory arrangement. They would hold their price until Tuesday morning. We thought Safeway would most likely be in line by that time. It appears that the Safeway opened their stores at the old price, and they maintained their old price till about eleven o'clock on Tuesday morning. In the meantime Jewel had their shoppers out checking and found that Safeway hadn't gone up, so they decided to come down again.

Q. Did either you or Mr. Robinson have any discussion with Safeway about this?

A. No. We hadn't been near Mr. McCann since the advertising."

(Evidence pp. 322-324)

As mentioned above, Mr. Reid stated that following his discussion with representatives of the Union, Jewel increased its price to two wrapped loaves for 25¢ on Friday, June 29. Shop-Easy is stated to have increased its price similarly on the same day. Safeway's selling price of Polly Ann and wrapped bread manufactured by the five companies is stated to have remained at two loaves for 21¢ and two loaves for 23¢, respectively.

In his evidence Mr. Reid said that Jewel had continued to sell wrapped bread manufactured by one or more of the five companies at two loaves for 25¢ until July 3. Between 8:30 A.M. and 10:30 A.M. on that date two or three checks were made on the price at which Safeway was selling Polly Ann wrapped bread and on each occasion it was found to be selling at two loaves for 21¢. Accordingly, at 10:30 A.M. Mr. Reid instructed Jewel's Winnipeg stores to reduce the selling price of wrapped bread to two loaves for 23¢. Safeway is stated to have increased, sometime that morning, the price of Polly Ann wrapped bread to two loaves for 23¢ and wrapped bread manufactured by one or more of the five companies to two loaves for 25¢, but later that day, on becoming aware of the price reduction by Jewel, reduced their prices to two loaves for 21¢ and two loaves for 23¢, respectively. Shop-Easy is likewise stated to have reduced the price of wrapped bread manufactured by one or more of the five companies

from two loaves for 25¢ to two loaves for 23¢ on the same day. Following the increase in price on June 28 there was no further change in the price of 14¢ per loaf at which Canada and General sold wrapped bread of their own manufacture direct to consumers.

On July 4, 1951 the following notice was sent out over the signature of Mr. Robinson to Members of the Executive Council of the Union:

"CANADIAN BAKERY WORKERS' UNION
Local No. 1 C.C.L.
Winnipeg Manitoba

July 4th, 1951.

TO THE MEMBERS OF THE EXECUTIVE COUNCIL.

GREETINGS:

A meeting of the Executive Council is being held Thursday, July 5th, in the Union Building commencing at 8 P.M.

The sole purpose of this meeting is to deal with the subject of a Bread Price War which has now started.

As the above mentioned subject matter is important, it is urgent that you make every effort to attend this meeting.

Yours fraternally,

(Sgd.) G. Robinson

G. Robinson.

General Representative."

GR/mw.

(Exhibit 25)

A special meeting of the Executive Council of the Union was held on July 5, 1951 pursuant to the above notice. This meeting was attended by fourteen members of the Executive Council and the minutes read in part as follows:

"The President, Brother J. E. Shepherd, called the meeting to order at 8.15 P.M. He explained that due to the fact that this was a Specially called meeting to deal exclusively with the Price War, that the reading of the minutes of the last Executive Council meeting would be tabled.

The President then called upon the General Secretary, Brother G. Robinson, to bring the Executive Council up to date on the present situation as regards the current Bread Price War, after which a lengthy discussion took place, on the effects of such a Price War would have on our Driver Salesmen Members and the further effect it would have on our Inside Members if such a Bread War was to carry on after any length of time.

This discussion was finalized with the following Motion:-

That the Companies be immediately notified that the Executive Council Delegates were cutting off all deliveries to Jewel Stores until further notice. This Motion was carried unanimously.

The meeting was then adjourned so that the machinery for implementing this directive could be immediately set into motion.

The General Secretary requesting that representation from each Plant remain so as to assist in carrying out this directive."

(Exhibit 26)

In his evidence as to the reason this meeting was called and the interpretation of the minutes, Mr. Robinson stated:

"A. Quite evidently there was some action taken by the Jewel Stores that was felt at that particular meeting to put the earning capacity of our driver salesmen in jeopardy; that would be what was discussed.

Q. Do you still not remember what the Jewel Stores did?

A. I believe the action of Jewel Stores was that they reduced the price of bread.

Q. You are sure of that?

A. Yes.

Q. You remember it now?

A. When you bring out that particular paragraph that the action was based on the fact that Jewel Stores had reduced the price of their bread.

Q. 'That the Companies be immediately notified'; I presume that refers to the baking companies, is that right?

A. Yes.

Q. It says, 'The meeting was then adjourned so that the machinery for implementing this directive could be immediately set into motion.' Can you explain that?

A. In view of that motion, it would be necessary to have every driver salesman notified that the Executive Council voted in favour of no deliveries to Jewel Stores, as the motion stipulates--states. It would be necessary to notify the companies to that effect.

Q. Did you notify the companies?

A. Yes."

(Evidence pp. 187, 188)

At or immediately following the meeting of July 5 the following notice addressed To All Driver-Salesmen was prepared:

"CANADIAN BAKERY WORKERS' UNION
Local No. 1 C. C. of L.

TO ALL DRIVER-SALESMEN

Dear Sir and Brother:

This is to notify you that due to Jewel Stores again having cut the retail price of bread to the extent that the other Chain Stores are retaliating by further price cuts, thereby jeopardizing the earning capacity of our salesmen members, we have decided at a meeting of the Executive Officers of the Union to discontinue supplies to the Jewel Stores, until such time that they discontinue such unfair competition.

The above will also apply to Special Deliveries and plant sales or pick-ups.

We are therefore informing you that it is YOUR DUTY as a Union Member to comply with this directive.

Therefore do not supply to Jewel Stores until further notice from your Union.

Yours fraternally,

G. Robinson,
General Secretary

Winnipeg, Man.,
July 6th, 1951. "

(Exhibit 27)

Mr. Robinson stated that copies of this notice were distributed the following morning to driver-salesmen at each of the companies, except those employed at Brown's, by members of the Executive Council who attended the meeting of July 5. This meeting was not attended by any employees of Brown's and Mr. Robinson therefore personally distributed copies of the notice to its driver-salesmen employees at the plant the following morning.

At or immediately after the same meeting the following letter addressed to the five companies was prepared:

"July 5th, 1951

Canada Bread Co. Ltd.
Westons Baking Co. Ltd.,
Bryces Bakery Co. Ltd.,
General Bakeries Ltd.,
Browns Bread Co. Ltd.

Gentlemen:

This is to notify you that due to Jewel Stores having cut the retail price of bread to the extent that the other Chain Stores are retaliating by further price cuts, thereby jeopardizing the earning capacity of our salesmen members, we have decided at a meeting of the Executive officers of the Union to discontinue supplies to the Jewel Stores, until such time that they discontinue such unfair competition.

Special Deliveries and Plant Sales or Pick-Ups shall not be used as means to supply Jewel Stores. Therefore, we are asking all Bread Companies to comply. Failure on the part of the part of the Bread Companies to co-operate may result in complete stoppage of production.

Yours very truly,

(Sgd.) G. Robinson

G. Robinson.
General Representative."

GR/mw.

(Exhibit 17)

Mr. Robinson stated that copies of this letter were prepared and mailed to each of the five companies immediately following the meeting of July 5. His evidence with respect to the contents of the letter was as follows:

- "Q. The second paragraph states, ' Special Deliveries and Plant Sales or Pick-Ups shall not be used as means to supply Jewel Stores.' What does that mean in the form in which it is sent to the companies, Mr. Robinson?
- A. That our salesmen would not deliver; neither was Jewel Stores to be allowed to obtain the product by coming to the plant or sending it out special delivery.
- Q. If the Jewel Stores sent their trucks to the plant and if the bakeries wished to allow them to pick up bread, what would be the effect? How would it work out, in view of this letter you sent to the companies?

A. In the first place, the people they would pick it up from would be informed by our men that informed the salesmen and give them their directive; they would be informed that they weren't to go ahead and give any bread to the Jewel Stores.

Q. That is the inside workers you are talking about?

A. Yes.

Q. The way this is worded, it is addressed to the baking companies, it says 'shall not be used as means to supply Jewel Stores. Therefore, we are asking all Bread Companies to comply. Failure on the part of the part of the Bread Companies to co-operate may result in complete stoppage of production.'

Is this a threat? Was this a threat?

A. It may--In other words, what was meant by that, that if the companies did this then we would immediately call a general mass meeting of the membership for the purpose of putting the facts before them and decide from there.

Q. And that, therefore, it might result in complete stoppage?

A. Stoppage of work. Yes, that is what was implied. That was our intention, to follow that through."

(Evidence pp. 197,198)

In his evidence Mr. Shepherd stated that he believed that a representative of each of the five companies was advised by telephone of the contents of this letter on the evening of July 5 and informed that they would receive it in the morning.

With respect to the discussion between representatives of the Union and representatives of Jewel prior to the action described above and the reasons for this action, Mr. Shepherd stated:

"Q. Did you make any statement either to J.D. or to D. S. Reid of Jewel that if Safeway didn't go up that you wouldn't consider Jewel were to blame if they reduced their price?

A. I believe there was something to that effect in the discussion. We wouldn't feel they were doing anything unethical if Safeways were still down. It seems quite reasonable.

Q. Why was the action taken by the Union when Jewel did come down?

- A. Because Safeway went back up, not at nine o'clock but at eleven o'clock and Jewel was the only one out of line. That was going to upset the price structure.
- Q. Was any action taken by the Union to have deliveries withheld from Safeway?
- A. No, because Safeway have their own bakery anyhow.
- Q. But they do buy some bread manufactured by other companies?
- A. Oh, yes, but they sell the brand name bread at the same prices. They don't cut prices on them. It is their own Polly Ann bread they cut the price on. They always sell that one cent below the other.
- Q. That is, one cent per loaf?
- A. Yes. That is something we don't object to, as far as that goes, because it is not in competition with us actually. It is where our own brands are competing that we take exception.
- Q. You say it is not competing with bread manufactured by companies that you are associated with?
- A. It is a different practice. When you go into a store and you see one product marked at 50 cents and another product with the same brand name and this is 55 cents, you say, 'I am going to take that; it is a better product.' But if you have the same Eclair here for 50 cents and there for 60 cents, you know the product is competing against itself, and that would be the same with our brand name bread. We didn't have any objection--that is what we told Mr. Reid at the time--if he could get some other bread to sell other than the brand name bread; we wouldn't have any objection.
- Q. Can I take it that your object was to have bread manufactured by the five companies and your Union organizations and sold at a uniform price in Winnipeg out of the stores?
- A. At a uniform price irrespective of what that uniform price was."

(Evidence pp. 324, 325)

In discussing the reasons for the action taken by the Union, Mr. Shepherd stated as his opinion that a bread war would have followed Jewel's reduction in price and in that event the members of the Union would be the

ones who would suffer. He felt that in the event of a bread war prices would drop to the point where the storekeepers were taking a loss on bread and if this happened their natural reaction would be to apply to the companies for a reduction in the price at which they were purchasing bread. This, Mr. Shepherd stated, would affect the members of the Union, because it would naturally reduce the companies' reserves and "if they haven't any reserve there is only so much money in the barrel, and if it goes to the storekeeper, it can't come to us." (Evidence p. 335).

In the course of the hearings held in Winnipeg a representative of each of the five companies gave evidence with respect to the receipt of a copy of the letter of July 5 (Exhibit 17) and subsequent events.

A. E. Longstaffe of Weston stated that a copy of the above letter had been received by his firm and that it had taken no action but simply awaited developments. On being asked whether he had received any communication from representatives of the Union regarding the subject matter of this letter, Mr. Longstaffe replied:

"A. No, but I understand they did get hold of our sales manager before, the evening that they had their meeting, and notified him, and he phoned me but I wasn't available. I didn't know anything about it until 10:30 the next morning. The thing was an accomplished fact before I knew anything about it.

Q. After this letter was received did you issue any instructions to your driver-salesmen as to what they were to do?

A. No, I figured it was a quarrel between the chain stores on the price, and we were not interested."

(Evidence pp. 105, 106)

J. B. McKay of General after identifying a copy of the letter of July 5 (Exhibit 23) received by his firm stated:

"Q. What action did you take after receiving this letter?

A. Just the same as the other. We did not give the boys any instructions because another multigraphed form was sent up. I said to Andy, 'There it is starting over again.' And he just read it. We are not too interested in Jewel business because we have only five stores and it doesn't amount to a hill of beans.

Q. When you refer to another multigraphed form you mean another letter from the Union?

A. Yes.

Q. Following receipt of this letter did you have any correspondence or communication of any sort with any of the representatives of the Union?

A. Not for some time after when the thing dragged out I phoned Robinson and asked him what the score was, but not for a week or ten days.

Q. Did any representative of the Union ever come to see you before taking the action indicated in this letter, Exhibit 23?

A. No."

(Evidence pp. 142, 143)

R. H. Bryce of Bryce's stated that a copy of the letter of July 5 (Exhibit 35) had been received by his firm. He also said that he had received it after the employees had put the non-delivery to Jewel into effect on instructions they had received from the Union and there was therefore nothing he could do. Mr. Bryce could not recall receiving any advice of suspension of deliveries to Jewel prior to receipt of the above letter.

S. A. Brown of Brown's stated that a copy of the letter of July 5 had been received by his firm and also that Mr. Robinson had delivered copies of the circular letter dated July 6, 1951 addressed To All Driver-Salesmen (Exhibit 27) at the plant after advising him by telephone the previous evening that deliveries to Jewel again were to be suspended. He went on to say that upon receipt of this notification from the Union deliveries to Jewel were suspended by the driver-salesmen employees.

F. J. Hannibal of Canada stated that he was absent from Winnipeg at this time but that Mr. T. M. Meyers, Assistant Manager, who was in charge in his absence, would follow the instructions contained in the letter of July 5.

As a result of the action taken following the meeting of the Executive Council of the Union on July 5, 1951 deliveries to Jewel of bread and other bakery products manufactured by the five companies were suspended. The evidence of D. S. Reid of Jewel in this regard was as follows:

"Q. Did you have any notice from the Union that bread deliveries to Jewel Stores would be discontinued on Friday, July 6th?

A. No, we had none.

Q. What was the first notice you received? Did you just not get deliveries on Friday morning?

- A. We just did not get deliveries.
- Q. What did you do then? Did you get in touch with the Union or with any of the companies?
- A. Yes, I got in touch with the companies, and they said they had been served with another letter informing them that we were cut off and could not pick up, and would not get bread.
- Q. Did the companies tell you that they would not deliver to you?
- A. They informed us that the Union said they could not deliver.
- Q. Did you ask the companies if you could arrange to make pickups from the plant?
- A. Yes.
- Q. What did they tell you?
- A. No, that they had received a letter informing them that pickups would not be made.
- Q. Did you contact each of the five companies?
- A. I can't recall we contacted each, but we did contact the companies, and they said their salesmen were not calling. You see, we were not receiving sweet goods either.
- Q. Was there a suspension of deliveries to any of the other stores besides Jewel?
- A. No, they continued through those days and sold bread at two for 23, and the Union said that is the reason they cut off, and that is why we felt there was local discrimination.
- Q. Because they were delivering to Safeway and Shop-Easy and that bread was selling at two for 23? Even after deliveries to Jewel Stores had been discontinued?
- A. Yes, that is right."

(Evidence pp. 352, 353)

During the period when deliveries to Jewel of bread and other bakery products manufactured by the five companies were suspended a press release bearing the typewritten signatures of Messrs. Shepherd and Robinson was given to the Winnipeg newspapers. A copy of this press release which was identified by Messrs. Shepherd and Robinson reads as follows:

"July 9th, 1951

PRESS RELEASE

The Canadian Bakery Workers' Union denies charges by one of the Winnipeg daily Newspapers that the Union is trying to control or 'fix' bread prices, in the greater Winnipeg area. Further, the Union is fully in accord with the policy of the Canadian Congress of Labour to have effective price control.

However, the Union is opposed to any 'price war' on bread which can only leave the Bread Baking Industry in a chaotic condition, thereby re-acting to the detriment of the wages and working conditions of the employees in the industry.

The Membership of the Union are fully aware that they are serving the Public with a very important food commodity and are desirous of seeing that the Public is able to buy bread at a fair and reasonable price. They are not concerned with what the price should be, provided there is uniformity in the retail price of bread, allowing for a slightly higher price of bread delivered to the Homes. However, bread should not be used as a 'loss leader' as this price war is causing it to be. In fact, the chain store which was guilty of starting this price war, is reported by the Press as having stated, 'that it was impossible to sell bread produced by the major bakeries at two loaves for .23¢ and make a profit.'

Prior to June 12th of this year, the bread baking industry was in a stable condition. Bread was being fairly distributed to all stores in the greater Winnipeg area, and bread was being sold from the wagon to individual homes at an approximate differential of .01¢ per. loaf higher than in the stores.

On June 12th, one of the Chain food stores took it upon itself to reduce the price of bread by .01¢ per. loaf. This indicated that the other Chain Stores would be dropping their price with the eventual result that one of the Chain Stores would go into a second round of price cutting and possibly a third round, to a point where bread would be sold as a 'loss leader' in order to attract customers to their food stores.

Such a price war, in the eyes of the Union Membership can only have a detrimental effect on themselves who are employees in the Bread Baking Industry. Bread driver salesmen who deliver to the individual householders, have been losing customers, because of the increased differential between their delivery price and the store price. Other driver salesmen who deliver to the Independent stores may also face reductions in daily receipts. The net result is that the driver salesmen may be faced with

substantial pay cuts merely because some of the Chain Stores are desirous of taking time out to engage in a bread price war.

J. E. Shepherd
President.

G. Robinson
General Secretary."

(Exhibit 28)

As of the date of this press release wrapped bread manufactured by the five companies was being sold by Safeway and Shop-Easy at two loaves for 23¢. Canada and General were also selling direct to consumers at 14¢ per wrapped loaf and Safeway was selling Polly Ann wrapped bread at two loaves for 21¢. Jewel was obtaining bread from sources other than the five companies and was selling this bread at two loaves for 23¢.

Mr. Robinson stated that this release was prepared by Mr. Shepherd and himself, while Mr. Shepherd stated that as far as he knew it was prepared by Mr. Robinson although he of course had seen it before it was released. Both were agreed, however, that it was approved at a subsequent meeting of the Executive Council of the Union.

In explaining the contents of this press release Mr. Robinson stated that the Union was concerned with the price of bread only when it affected the wages and working conditions under which the members of the Union earned their living. He stated that conditions must be maintained under which it was possible for the salesmen to sell bread and that if the differential on retail sales by the salesmen was too great the salesman would be priced off the market. He also said:

"Q. You think that the Canadian Bakery Workers' Union was justified in taking the action they did in order to combat this departure from uniformity in retail price?

A. In order to combat any action that might jeopardize the earning capacity of our salesmen, yes.

Q. Isn't it a fact, Mr. Robinson, that if all chain stores and independent stores had reduced the price at the same time from 2 for 25 to 2 for 23 and that the balance or equilibrium had been maintained and a similar adjustment made on your home deliveries that that wouldn't have caused the Union any worry?

A. That is right.

Q. But it was the fact that the reduction which was made wasn't likely to be a uniform reduction--

A. That is right.

Q. (Continuing) which caused you worry?

A. That is correct.

Q. Isn't it a fact that the action of the Union in this case was to try to restore the equilibrium by imposing certain restrictions on the production and delivery of bread?

A. Yes, that is the answer.

Q. And the action was discussed at a Union meeting?

A. That is correct.

Q. And the action was taken after the meeting had discussed the whole matter?

A. That is right.

Q. Now, in the fourth paragraph of this press release it states: 'Prior to June 12th of this year, the bread baking industry was in a stable condition.'

What do you mean by 'a stable condition'?

A. That uniformity existed in conditions under which our people sold their products.

Q. That is, that there was uniformity of retail prices?

A. Yes.

Q. I will go on in the fourth paragraph: 'Bread was being fairly distributed to all stores in the greater Winnipeg area.'

A. That is right.

Q. What do you mean by 'fairly distributed'?

A. What the word fairly means in there I couldn't actually say at this time. Could I just see that?

Q. Certainly (handing). It is the fourth paragraph.

A. Well, I think what is meant by that is the fact that all stores were receiving and selling bread at the same price--being fairly distributed. The companies were distributing, not putting one store in a more competitive position than another."

Under date of July 11, 1951 the following circular letter addressed To All Driver-Salesmen and bearing the mimeographed signature of Mr. Robinson was distributed:

"CANADIAN BAKERY WORKERS' UNION
Local No. 1 C.C.L.
Winnipeg Manitoba

July 11th, 1951.

TO ALL DRIVER-SALESMEN.

Dear Sir & Brother:-

Due to the fact that the Canadian Bakery Workers' Union has no intention to discriminate by withholding the delivery of cake and sweet goods, we hereby give notice that you have the Union permission for you to deliver cakes and sweet goods to the Jewel Stores effective immediately.

Further, the Union is giving its permission for your Company to deliver bread to the Jewel Stores on condition that the earning capacity of our Bread Driver Salesmen is in no way impaired or reduced by the bread policy of Jewel Stores.

Yours very truly,

(Sgd.) G. Robinson

GR/mw.

G. Robinson
General Secretary "

(Exhibit 29)

Mr. Robinson was asked as to the reason for this letter and its distribution. His evidence in this respect was as follows:

"Q. This was sent out, was it, by mail or delivery or--

A. Who was that addressed to?

Q. Addressed to all driver salesmen.

A. No, that would be hand distributed.

Q. Could you explain so we will have it on the record what had actually happened at this time which caused you to send this letter out?

A. Well, it was a news release, I believe, given--I am not just sure of that, Mr. Hunter. I have an idea it was a news release given, or an advertisement of Jewel Stores said something to the effect of not being able to get cakes and sweet goods from these companies although the only difference of opinion that existed was in the bread field. On that account we had a meeting and discussed the situation and decided that it would be quite in order to have them deliver cake and sweet goods.

. . .

Q. Had Jewel Stores at this time given any indication they were going back to the 2 for 25 price?

A. I don't believe so. Not to my knowledge. This came up before the Executive--cake and sweet goods. It was decided, 'All right, we will let them deliver cakes.'

Q. Were there any minutes kept of that Executive meeting?

A. Darned if I know, to tell the truth.

Q. Was it a regularly called meeting of the Executive?

A. I am not sure whether there was a meeting previous to this where this was discussed, or whether this was a directive issued by the President and myself, subject to the approval of the Executive Council at the next meeting. I wouldn't be sure of that."

(Evidence pp. 210, 211)

Under the same date the following letter addressed to the five companies was sent out:

"July 11th, 1951.

Canada Bread Co. Ltd.
Weston Bakeries Ltd.
General Bakeries Ltd.
Bryces Bakery Ltd.
Brown's Bakery Ltd.

Dear Sir:

Due to the fact that the Canadian Bakery Workers' Union has no intention to discriminate by withholding the delivery of cake and sweet goods, we hereby give notice that your Company has the Union permission to deliver cakes and sweet goods to the Jewel Stores effective immediately.

Further, the Union is giving its permission for your Company to deliver bread to the Jewel Stores on condition that the earning capacity of our Bread Driver Salesmen is in no way impaired or reduced by the bread policy of Jewel Stores.

Yours very truly,

GR/mw.

G. Robinson.
General Secretary."

(Exhibit 30)

Mr. Robinson stated that he had sent such a letter by mail to each of the five companies.

It will be noted that the wording of the second paragraph of the letter addressed To All Driver-Salesmen and that addressed to the five companies is identical. On being asked as to the meaning of this paragraph Mr. Robinson stated:

"A. That second paragraph is a little ambiguous. The companies called us up for clarification on it and asked me just what was meant. I told them what we meant by that paragraph was that should a situation be created by supplying Jewel Stores with bread that jeopardized the earning capacity of our driver salesmen we would feel quite justified in approaching them for an adjustment in the wages of the salesmen."

(Evidence p. 211)

In his evidence Mr. Shepherd stated that these letters were prepared by Mr. Robinson but that he had seen and approved them before they were sent out and that at a subsequent meeting of the Executive Council of the Union they were endorsed and approved. His evidence continued:

"Q. Now, dealing with Exhibits 29 and 30, both of which are dated July 11 and signed by Mr. Robinson, Exhibit 29 being addressed to all driver salesmen and Exhibit 30 being addressed to the five bread companies. The second paragraph of these letters reads as follows: 'Further, the Union is giving its permission for your Company to deliver bread to the Jewel Stores on condition that the earning capacity of our Bread Driver Salesmen is in no way impaired or reduced by the bread policy of Jewel Stores.'

Would you explain what that paragraph was intended to mean?

A. It was intended to mean exactly what it says.

Q. Perhaps you can enlighten us.

- A. I know there has been a lot of controversy. I believe that paragraph is going to go down in history. Provided that the policy of the Jewel Stores doesn't impair the earning of our salesmen. In other words, if they deliver to Jewel Stores and Jewel Stores cut prices, there is an automatic bread war. We feel justified in going to our company under the conditions of our agreement.
- Q. What are those conditions?
- A. Bread is on a stable basis and everything is flowing evenly. If you are going to have a bread price war, cutting down may be like it was in 1932 or 1934, where bread was sold three for a dime. People in the North End were taking it in the morning and trying to sell it at a profit. In the evening giving it away for anything they could get for it. Wouldn't you think we were justified in asking for that if our wages were being brought down to that again? We had finished with Jewel Stores. We were willing to let them supply it. We were going to lay it up to the companies. We carried the ball that far. If the companies wanted to take the chance, that is what we intended by that paragraph.
- Q. What do you mean by 'We carried the ball that far'?
- A. We had protected the stabilization for uniformity of the price of bread.
- Q. To that extent--
- A. If they felt they wanted to supply Jewel Stores now under the circumstances, we would wash our hands of it as far as the store delivery was concerned, but we maintain it was up to them to pay our wages.
- Q. Under the agreement they have to pay your wages, don't they?
- A. Yes, wages, but if our wages suffer as a result of that price policy we would be entitled to ask them to have it made up.
- Q. You also said something to the effect that one of the conditions of the agreement was that--Perhaps we better get the reporter to repeat it.
- A. I don't think I said anything about an agreement, about the conditions of what agreement was drawn up.

- Q. I think you said under the conditions of our agreement.
- A. That isn't what I meant, if that is what I said. Under the conditions that it was drawn up; under a certain set of conditions. We negotiated in good faith with the companies. Naturally they negotiated in good faith in those circumstances. We didn't foresee anything like this coming around--bread war, prices slashed down, and the wages automatically cut. In the action of this Jewel Store in starting a bread war we are justified in taking the stand, if the result of that is a drastic cut in wages, we are entitled to revise our wage agreement. It is quite simple, I think.
- Q. Mr. Shepherd, you said that bread is on a stable basis, and presumably that was one of the conditions existing at the time your labour agreement was entered into, is that right?
- A. Yes.
- Q. What do you mean by the phrase 'Bread is on a stable basis'?
- A. The brand name bread we sell at a uniform price throughout the city.
- Q. That is a condition which the Union wishes to maintain, is it?
- A. Definitely.
- Q. Once that structure is upset, then you have a bread war on your hands. Is that the reason the Union took this action which they did against Jewel Stores?
- A. Absolutely."

(Evidence pp. 328-331)

With respect to the statements made by Messrs. Shepherd and Robinson of the effect which reductions in the price of bread might have upon the driver-salesmen members of the Union it will be recalled that section 1 (e) of Schedule A of the labor agreements between the Union and the five companies, which is referred to in Chapter II, provides in effect that if the price of bread were reduced by 1¢ or more prior to January 1, 1952 the salesmen could advance proposals for and seek a wage adjustment at any time within three weeks prior to that date.

A meeting of the Executive Council of the Union was held on July 19, 1951 and under the heading "Bread Price War" the minutes report the following:

"The General Secretary, Brother G. Robinson then gave a lengthy detailed report of his actions regarding the Bread Price War, bringing delegates up to date on all matters pertaining to it. A Motion was moved, seconded and carried that this report be accepted and that the General Secretary be complimented on the manner in which he handled the situation."

(Exhibit 31)

In his evidence Mr. Robinson said that this was a correct statement of what took place at the meeting and this was confirmed by Mr. Shepherd.

On or about July 11 Safeway increased the price of Polly Ann wrapped bread from two loaves for 21¢ to two loaves for 23¢ and wrapped bread manufactured by one or more of the five companies from two loaves for 23¢ to two loaves for 25¢. Shop-Easy likewise increased the price of wrapped bread manufactured by one or more of the five companies from two loaves for 23¢ to two loaves for 25¢.

At or about the time deliveries to Jewel of bread and other bakery products manufactured by the five companies were suspended on July 6, 1951 Jewel was able to obtain certain supplies of bread for a few days from small Winnipeg bakeries whose employees were not members of the Union and arrangements were made shortly thereafter to obtain a specified quantity of wrapped bread each day from a bakery located outside Winnipeg. Bread obtained from these sources was sold by Jewel at two loaves for 23¢.

While the Union letters of July 11, 1951 (Exhibits 29 and 30) authorized resumption of deliveries to Jewel of bread manufactured by the five companies, but subject to a condition, Jewel did not feel free to accept deliveries from the five companies because of this condition. In the course of his evidence D. S. Reid stated that while he did not receive any notification from the Union that its members were prepared to resume deliveries to Jewel he learned of this from representatives of one or more of the five companies and obtained a copy of one of the letters. His evidence in regard to the reaction of his firm to the second paragraph of this letter continued:

"Q. After you obtained a copy did you then place orders with the bakers?

A. We objected to the letter and informed the bakers that in the second paragraph - I will read it - 'further, the Union is giving its permission for your company to deliver bread to Jewel Stores on condition that the earning capacity of the bread driver salesman is in no way impaired or reduced by the bread policy of Jewel Stores.'

I took objection to the condition - 'the bread policy of Jewel Stores.'

Q. Why did you take objection to that?

A. We felt that the Union and the bakers in receiving such a letter from the Union were a party to it, dictating a Jewel bread policy.

Q. Did you feel after reading that paragraph that if you did order bread and accept delivery of bread from any of these five bakers and subsequently decide to sell that bread at a reduced price that your company would be getting into any sort of difficulty?

A. Yes, we felt that would subject us to the Union and to the bakers again.

Q. What was your worry or fear?

A. Cutting off of supplies.

Q. That they would cut off supplies again?

A. Yes."

(Evidence pp. 356, 357)

Mr. Reid stated that Jewel had not made any direct approach to the Union with a view to having the Union change the stand taken in the second paragraph of the above letter but had made such an effort through some of the five companies by explaining that Jewel could not purchase bread from them subject to such a condition.

Representatives of each of the five companies were asked regarding the interpretation of the last paragraph contained in the Union letter of July 11 (Exhibit 30) and its effect upon their operations.

J. B. McKay of General, after identifying a copy of this letter received by his company (Exhibit 24), referred to the paragraph in question as "that famous last paragraph nobody could understand" and stated that as far as he was concerned he still did not understand what it meant. He said that he had phoned Mr. Robinson after receiving the letter but was unable to obtain any explanation of the paragraph in question. Subsequently D. S. Reid telephoned him to get a clarification of this paragraph and Mr. McKay stated that he again telephoned Mr. Robinson but was unable to obtain any further information as to its meaning. Referring to a conversation with Mr. Reid regarding the interpretation of this paragraph, Mr. McKay said:

"A long time after that, talking about this paragraph in the baking trade, their interpretation was this was a very stringent rule because say our man was selling 50 loaves of bread in the store, and Reid decided that Fort Frances bread was better than ours, and we lost that 50 loaves, he would be impairing that salesman's earning capacity. That was a new angle to me."

(Evidence p. 146)

Mr. McKay also said that since receiving the letter of July 11 he had telephoned Mr. Reid on two occasions to ascertain if General could resume deliveries to Jewel, but on each occasion was advised that Jewel had other commitments.

R. H. Bryce of Bryce's also identified a copy of the letter of July 11 received by his company (Exhibit 36). With respect to the interpretation of the second paragraph of this letter he stated:

"A. Well, I have been trying to find that out ever since we had permission to go back. I took it up with Robinson on different occasions because of the fact when I went to talk to Jewel Stores this is what they took the objection to, and I couldn't get around it. I couldn't lift it. I tried to get Robinson to lift it. He said it was only a notification to us; it had nothing to do with Jewel Stores. It was only a notification called for in the contract to open negotiations for new wage rates, and I conveyed that to the Jewel Stores as the proper interpretation, but they still wouldn't accept that. Before they would resume purchases they wanted that cancelled either by a letter from the Union to us cancelling it or a letter from us stating that we wouldn't pay any attention to the Union at all."

(Evidence p. 236)

Mr. Bryce went on to say that as a result of this letter his firm was in the position of "jam in a sandwich" since it wasn't in a position to advise the Union that it wouldn't co-operate since its only means of serving its customers was through the Union members. He also said that following receipt of the letter of July 11 the driver-salesmen employees of his firm wanted to resume deliveries to Jewel but Jewel would not resume purchases.

S. A. Brown of Brown's believed that his company had received a copy of the letter of July 11 addressed to the five companies. He said he had discussed the interpretation of the second paragraph of this letter with J. D. Reid of Jewel but neither of them knew what it meant. He had also spoken to Mr. Robinson and his evidence in this regard was as follows:

Q. What was the substance of your conversation with him?

A. He said that is just the way it is written, anyway. That is as far as it went.

Q. Did you tell him you didn't know what it meant?

A. No, it is not clear to me. I don't think they knew themselves, to tell the truth."

(Evidence p. 281)

A copy of the letter of July 11 (Exhibit 48) was also received by Canada. With respect to the interpretation of the second paragraph of this letter, F. J. Hannibal of that firm stated that he thought it was ambiguous but expressed the opinion that what it was intended to convey was that if the policy of Jewel resulted in a bread price war and one or more of the five companies reduced their wholesale or retail selling price of bread the Union would take action since the driver-salesmen's wages were based on the companies' selling price of bread and might thereby be reduced.

A. E. Longstaffe of Weston after identifying a copy of the above letter (Exhibit 19) as having been received by his firm stated:

"Q. After you received that letter did you or your sales manager issue any instructions to your driver-salesmen to call at Jewel?

A. Not from me, but I presume the sales manager if he is alert and on the job would check with them. Of course, they would get that notice the night before, and he would not see it until after they saw it. But I know our men called, because in discussion with some of the supervisors they said the men were calling but they weren't doing any business.

Q. In the second paragraph of this letter of July 11 from Robinson to your company, exhibit 19, it reads as follows:

'Further, the Union is giving its permission for your company to deliver bread to the Jewel Stores on condition that the earning capacity of our bread driver salesmen is in no way impaired or reduced by the bread policy of Jewel Stores.'

What attitude did your company take on that statement?

A. The attitude was we did not like it. We are not prepared to admit to them that we do that, and the Jewel Stores objected to it too. I think that is why they would not take bread. But we have not been able to get the Union to modify it. They say that is their stand. What it means, I don't know. You can read it two or three different ways.

Q. Are your deliveries to Jewel, assuming they start buying today or tomorrow, are they on the basis of the restriction or apparent restriction contained in the second paragraph of exhibit 19?

A. I did not discuss it, except Reid did say to me, 'We will assume that last part as far as you are concerned we are not taking much notice of it,' and I said, 'That is about the size of it.' We were willing to deliver bread from the very day.

Q. On the question of this clause did you have any discussion with the representative of the Union about the meaning of that clause?

A. Not a discussion. After this had been going on for some days, and no bread going in, Mr. Reid phoned me and said the reason they would not take it was that they objected to that, and they had been after the Union to get some modification. I phoned Robinson up, and I said, 'This thing is all over and you fellows are apparently satisfied yourselves and proved your point that the goings on were detrimental to the business as a whole why not let bygones be bygones and forget the whole thing. Jewel Stores don't like the letter you sent.'

He said, 'I will take it up with the committee.'

I said, 'I will write you a draft letter that might be more satisfactory and smooth things over and make this look better.'

So I did draft a letter which I sent him, to which I received no reply and have had no further discussion on it.

Q. You have heard nothing from him at all?

A. Never had any acknowledgment, except I did hear by the grapevine it was brought up at the Union meeting and tossed out.

- Q. I have here a photostatic copy of a letter which is dated July 13, 1951, addressed 'Dear Sirs:' There is no signature on it. Would you tell me if you recognize that?
- A. Yes, that is the letter that I proposed the Union should write to the bakeries. I had no answer except I heard by the grapevine it was brought up and tossed out, it wasn't satisfactory.
- Q. You prepared that?
- A. Yes.
- Q. Did you send it to Mr. Robinson?
- A. Yes.
- Q. Did you have a covering letter with it?
- A. No, I told him on the phone and put it in the mail. I dashed it off and put it in the mail.

(Evidence pp. 110-112)

The copy of the draft letter dated July 13, 1951 which was identified by Mr. Longstaffe as having been prepared by him reads as follows:

"Winnipeg, Manitoba
July 13, 1951.

Dear Sirs:

Having registered our protest and proving our point that the selling of bread as a 'Loss leader' is a very serious menace to the welfare of the employees of the baking industry, and not wishing to prolong a very unhappy situation, we are advising you that so far as the Bakery Workers' Union is concerned the matter is closed, and deliveries will be resumed to Jewel Stores unconditionally. We feel that we have proved our point and trust that all concerned will endeavour to work together to the end that the Baking Industry and the grocery trade will continue to retain the respect and confidence of the public in general."

(Exhibit 20)

On being asked if he had received replies from any of the five companies to the letter of July 11 (Exhibit 30) which had been sent to them, Mr. Robinson stated:

"A. I received several phone calls asking for an interpretation of paragraph 2, and I told them exactly what I have just finished telling you; that if there was anything happened that jeopardized the earning capacity of our driver salesmen we would feel justified in coming to them for a wage adjustment. In fact, I believe I received a copy of a letter; it wasn't in the form of a letter. Mr. Longstaffe had quite a lengthy discussion with me on the matter, wanting to know if it wasn't possible to change that bottom paragraph, and I told him I didn't see any necessity for it, and he said, 'Well, I think it could be better worded than what it is.'

I said, 'If you think you can word it any better, you can send the wording in. I will present it to the Executive Council.'

Q. Did he do so?

A. He did so. It was brought before the Executive Council. I informed them what he had done. A motion was put ordering it filed, or something like that.

Q. I show you Exhibit 20. Is that the draft letter which you received from Mr. Longstaffe (handing)?

A. Yes, I would say that was the one he sent us."

(Evidence pp. 212, 213)

The minutes of a meeting of the Executive Council of the Union held on July 19, 1951 under the heading "Bread Price War" contain the following reference to this draft letter:

"A letter received from A. E. Longstaffe, Manager of Weston Bakeries Ltd., requesting a change in the Directive sent to his Company on July 11th. A Motion was moved, seconded and carried that this letter be received and filed as information."

(Exhibit 31)

It was not until about August 7, 1951 that Jewel again accepted deliveries of bread from one of the five companies. In this regard D. S. Reid stated that he had discussed the last paragraph of the letter of July 11 (Exhibit 30) with a representative of Brown's at which time Mr. Reid explained that Jewel would not be subject to such a condition in its merchandizing of bread and the representative of Brown's stated that he did not wish to have his customers subject to such a condition. As a result of this conversation S. Brown, Manager of Brown's, wrote to D. S. Reid on August 7, 1951 advising that his firm was prepared to disregard

the second paragraph of the Union letter of July 11. As a result Jewel recommenced ordering bread from this company and at the time of the hearings in Winnipeg had been receiving deliveries without interruption. Mr. Reid stated that Jewel had been selling wrapped bread obtained from this company at two loaves for 25¢.

With respect to the remaining four of the five companies, Mr. Reid stated that he had advised them Jewel could not deal with them until the condition contained in the last paragraph of the letter of July 11 had been revoked. He said that during the week of September 3, 1951 representatives of these companies had indicated verbally that they would not want to be subject to the condition in question but had not advised him in writing to this effect. He further stated that during the week of September 3 Jewel had ordered and obtained a small quantity of bread from Weston and Bryce's. At the time formal hearings were held in Winnipeg, however, Jewel was continuing to obtain wrapped bread from a source outside Winnipeg and was selling such bread at two loaves for 23¢.

V Summary and Conclusions^{*}

It is estimated that five principal baking companies account for more than 82% of the bread produced for sale in the Winnipeg area; for approximately 83% of sales at wholesale in that area; and for approximately 83% of retail house to house sales. (See Tables I and II on page 2). It is estimated that between 85% and 90% of this bread is in 16 ounce loaves and between 70% and 75% of it is sold as wrapped 16 ounce loaves.

The employees of these five companies, who are engaged in actual baking and allied operations within the plants, and those who are employed as route salesmen, are all members of one Labour Union.^{**} Agreements between the Union and each company require that such employees shall belong to such Union.

At the beginning of 1951, the wrapped 16 ounce loaf manufactured by the five companies was being sold in retail stores, including the Jewel, Safeway and Shop-Easy chains, at 12¢ per loaf or two loaves for 23¢ against a consumer wagon price of 13¢ per loaf charged by Canada Bread Company Limited (Canada) and General Bakeries Limited (General), who alone of the five companies sold bread at retail. Safeway was also selling wrapped 16 ounce loaves of its own manufacture ("Polly Ann" bread) at two loaves for 21¢.

In January, 1951, Jewel lowered the price of wrapped 16 ounce loaves, at one of its stores, to two for 21¢, to compete with Safeway's "Polly Ann" bread. Certain members of the Executive Council of the Union thereupon prevailed upon Jewel to revert immediately to the price of two loaves for 23¢ on the understanding that such members would interview Safeway and endeavour to have them curtail their advertising of "Polly Ann" bread.

In June, 1951, Jewel again reduced the retail price of 16 ounce wrapped bread to two loaves for 21¢. Safeway thereupon, the same day, reduced the price of "Polly Ann" bread to two loaves for 19¢, and both Safeway and Shop-Easy are reported to have reduced the price of their 16 ounce wrapped bread of the five companies' manufacture to two loaves for 21¢ on that or the following day. On June 12, the president of the Union called together certain members of the Executive Council and a letter was prepared and circulated to all driver-salesmen of the five companies directing them not to supply Jewel stores until further notice and informing each driver-salesman that "it is YOUR DUTY as a Union Member to comply with this directive" (Exhibit 9, p. 27). Another letter was sent to the five companies advising them of the "decision" to discontinue supplies to Jewel; stating that special deliveries, plant sales or pick-ups were not to be used as a means to supply Jewel; and advising that failure on the part of the companies to co-operate might result in complete stoppage of production (Exhibit 10, pp. 28, 29). This action was effective in cutting Jewel off from all supplies of the five companies' bakery products. Being unable to find alternative sources of supply, Jewel reverted the next day to the price of

* Statements refer to 1951 unless otherwise indicated.

** As indicated on page 4 the word "Union" refers to the local Union.

two 16 ounce wrapped loaves for 23¢ and on the same date another letter went from the Union office to the driver-salesmen advising that deliveries to Jewel might be resumed.

On or about June 28 the five companies raised their wholesale list price by 1¢ per loaf and Canada and General raised their wagon retail price by a similar amount. A meeting took place between certain Union members and Jewel and the latter was finally prevailed upon to raise its price to two loaves for 25¢ either on the understanding that the members would take steps to have Safeway raise the price of its "Polly Ann" bread or in anticipation that such price would be raised. By 10:30 A.M. of July 3, Safeway had not increased the price of "Polly Ann" bread and Jewel reverted to two loaves for 23¢. It was stated that later that morning Safeway did raise its price to two "Polly Ann" loaves for 23¢ and two loaves made by one or more of the five companies for 25¢ but that, becoming aware of Jewel's action, it, as well as Shop-Easy (which had also raised its price) reverted to the prices previously in effect.

On July 5 the Executive Council of the Union met and another letter went out from the Union office to the driver-salesmen again directing them to discontinue supplies to Jewel and informing them it was their duty as Union members to comply with the directive (Exhibit 27, p. 47). The five companies were notified by letter of the "decision" to discontinue supplies to Jewel and, as before, that failure to co-operate might result in complete stoppage of production (Exhibit 17, p. 48). This action was again effective in bringing about discontinuance of supplies to Jewel of the bakery products of the five companies. Having regard to the fact that plant workers as well as driver-salesmen were members of the Union, it appears that such discontinuance occurred automatically upon issue of the directive from the Union office and did not depend upon any instructions given by the five companies. Jewel was able to obtain some bread from other sources, which it sold at two loaves for 23¢.

On July 11, a letter went out from the Union office to the driver-salesmen advising "that you have the Union permission for you to deliver cakes and sweet goods (not bread) to the Jewel Stores immediately" and the letter went on to state, somewhat incongruously:

"Further, the Union is giving its permission for your Company to deliver bread to the Jewel Stores on condition that the earning capacity of our Bread Driver Salesmen is in no way impaired or reduced by the bread policy of Jewel Stores."

(Exhibit 29, p. 57)

A letter, similarly worded, was also sent to the five companies (Exhibit 30, pp. 58, 59).

On or about July 11 Safeway increased the price of "Polly Ann" bread to two loaves for 23¢ and Safeway and Shop-Easy increased the price of bread manufactured by the five companies to two loaves for 25¢.

Although no one appears to have understood the meaning of the paragraph quoted above, Jewel considered that it established too tenuous a basis of supplies, and despite the fact that one or more of the five companies became willing to supply them, refused to order from any of the five companies until about August 7 when one of the five companies undertook to supply bread free of any conditions the paragraph might imply. From then until the date of the hearings, in the course of this inquiry, in Winnipeg on September 6 Jewel received deliveries from one or more of the five companies without interruption and sold such bread at two loaves for 25¢. It continued to obtain wrapped bread from other sources, outside Winnipeg, which it sold at two loaves for 23¢.

The secretary of the Union who gave evidence before the Commission explained the motives of the members as follows: The driver-salesmen were paid by salary plus commission and the rates had been fixed upon a consideration, among other things, of the price differential between the retail wagon price and the retail store price, because this differential exerted an unfavourable influence on wagon sales, and an increase in the differential, caused by the stores reducing their prices, would further prejudice the wagon sales. The action of Jewel in lowering its price would lead to other stores following suit, with the general result above indicated. This action might also lead to a "price war" which would have an unfavourable effect on the earnings of bakery employees, particularly by way of commissions. Driver-salesmen who only sold to retailers would also be adversely affected since retailers would not wish to meet Jewel's price for bread of the five companies and would therefore curtail their purchases, with resulting detriment to such driver-salesmen's earning power. The differential between the price of "Polly Ann" bread and that of the five companies was not objected to because the two types stood in different categories of public demand, and the competition which the Union members feared was price competition among the breads of the five manufacturers. The members were not concerned with the actual price level itself of the five companies' bread but it was their object to bring about that it should sell at a uniform price without deviation, with the exception only of a slight differential between the store price and the wagon price (pp. 28, 50, 54, 61).

The Combines Investigation Act makes it an offence to be party to a combination of two or more persons by way of arrangement having the effect of fixing a common price or enhancing the price of a commodity or preventing or lessening competition in the sale thereof or otherwise restraining or injuring trade or commerce therein, where such combination has operated or is likely to operate to the detriment or against the interest of the public, whether consumers, producers or others.

The object of the arrangements described in this report was to ensure that there should be no price competition, at retail, in the sale of the five companies' bread. Although other sources of bread existed, including domestic baking and the smaller commercial bakers, the product of the five companies occupied a very important place on the market (see Table II on page 2) and enjoyed a consumer demand which enabled the vendors to maintain a price differential over other brands. The retail price of such bread must have asserted a very substantial influence over general bread prices.

Aside from any immediate advantage which the elimination of such competition denied the consumer, it had the effect of lessening the pressure for better prices to which manufacturers are ordinarily exposed when their products are the subject of competition at retail. Had these arrangements been made by the manufacturers or the retailers, it is clear that they would have come within the prohibition of the Combines Investigation Act.

Section 4 of the Act provides that nothing in the Act shall be construed to apply to combinations of workmen or employees for their own reasonable protection as such workmen or employees. Upon being presented with a copy of the allegations of misconduct in order that he might exercise the right to be heard before a report should be made, the general secretary of the Union submitted in writing, on his own behalf and "on behalf of all other persons who are members of our Union" to whom allegations were sent:

- "1. That I and all these other persons named by Mr. G. R. Hunter in the evidence acted at all times as representatives of the Canadian Bakery Workers' Union, C.C.L., Local # 1.
2. That our actions were intended solely for the purpose of reasonable protection of the wages of the members of our Union and for no unlawful purpose.
3. That we did not, nor did we intend, to fix a common price or a resale price of and enhancing the price of bread, or to prevent or lessen competition in or otherwise restrain trade or commerce in the distribution and sale of bread and other bakery products, nor were our actions motivated or directed against the public interest or to deprive the public of competition in the distribution and sale of bread and bakery products."

The right of employees to bargain collectively with their employers concerning conditions of work including wages has, of course, long been recognized and legislation now exists under which negotiation can be insisted upon if the necessity arises. The present case raises no question of such right. In this respect it is also of interest to note that the agreement between the Union and each of the five companies contains the following provision:

"In the event that the price of bread shall prior to the first of January, 1952, be decreased from the present price by .01c (means 1¢) or more, and in the event that the salesmen consider, on reasonable grounds, that they are justified in seeking a wage adjustment, the salesmen may, on the first of January, 1952, or at any time three weeks prior thereto advance their Proposals as a grievance procedure as set out herein."

Notwithstanding that the primary motives were related to wages and not to prices as such, it is apparent that the arrangements were ones "having or designed to have the effect" mentioned in a previous paragraph in describing the provisions of the Combines Investigation Act. In the circumstances it is not an excuse that the reason for seeking such effect was its anticipated result upon earnings, for it cannot be said that the arrangements were required for the "reasonable protection" of the employees.

If the present situation were held to be exempt from the provisions of the Combines Investigation Act, such exemption would have to be upon the principle that, so long as Union members are motivated by desire to protect their wages, they may combine to dictate the prices and other conditions of sale of their employers' goods and to forbid such employers, upon pain of a stoppage of work, to enter into price competition with each other. The implications of admitting such a principle are obvious. The situation created for suppliers acting in good faith would be intolerable and any who were disposed to seek means to avoid the Combines Investigation Act would have a new expedient at their disposal. All in all, the effect would tend to be subversive of the anti-combines legislation in important respects. Undesirable consequences are not, of course, reasons for failing to give effect to a provision which is precisely defined but the consequences may be a guide in construing such an expression as "reasonable protection". I am of the opinion, therefore, that in entering into the arrangements in question the members of the Union were exceeding any privilege they may enjoy under section 4. I have been unable to find any other legislation relating to trade unions and industrial relations which would appear to justify such arrangements.

Reference was made in the course of this investigation to "loss leader" legislation which is contained in "The Food Products Minimum Loss Act", Revised Statutes of Manitoba, 1940, chapter 78, section three of which provides that:-

"3. No retailer shall offer for sale, sell or keep for sale in the province any food product at a price less than five per centum above the cost of the same to the retailer."

Section eight of the Act makes it an offence to violate the provisions of the Act and provides for a penalty not exceeding five hundred dollars. The evidence obtained in this investigation does not indicate that any of

the sales that were objected to were being made in contravention of this Act. Had such been the case, however, it was open to members of the Union to make a complaint with a view to having prosecution proceedings instituted against any offending retailer.

After a careful review of the oral and documentary evidence in this investigation together with the representations made by or on behalf of those named in this report, it is my opinion that the following individuals were parties or privy to or knowingly assisted in the formation or operation of a combine or combines within the meaning of the Combines Investigation Act:

J. Ambler
J. Citulec
W. Coutts
N. Goodman
W. Hall
R. Holt

D. Johnson
A. McKenzie
H. Roberts
J. E. G. Robinson
P. Scinocca
J. E. Shepherd
G. Soole

These individuals all participated in one or both of the meetings of the Executive Council of the Union held on June 12, 1951 and July 5, 1951, respectively, at which the arrangements were entered into for discontinuing deliveries of bread and other bakery products to Jewel. It has not been possible to assess accurately the participation or non-participation of other members of the Executive Council or the Union in the arrangements and no opinion therefore can be expressed in this regard.

Since the conclusion of the period covered in this investigation it has come to the attention of the Commission that there have been further instances of competition by way of price reduction in the sale of bread in the Winnipeg area. It would appear, however, that wiser counsels in the Union prevailed when this occurred as there has been no indication of action by the members of the Union similar to that taken in January, June and July of 1951 when price reductions were made.

(Sgd.) T. D. MacDonald

Ottawa,
July 7, 1952.

Commissioner
Combines Investigation Act

